

CUSTOMER CENTRIC

• **Home Product Center Public Company Limited** •

Location



31 Prachachuennonthaburi Rd.
Bangkhen, Muang,
Nonthaburi 11000

Telephone



+66 2832 1000

Facsimile



+66 2832 1234

Website



www.homepro.co.th

Type of business



Retailer of products and provider of services relating to construction, extension, renovation, and improvement of buildings, houses, and residence as One Stop Shopping



Registration No.

0107544000043



Registered Capital

Common stock 13,151,198,025
shares (1 Baht per share)



Paid-up Capital

Common stock 13,151,198,025 shares



Exchange Market

Stock Exchange of Thailand

Ticker Symbol

HMPRO

Contents

16

Message from the Board of Directors

18

Executive Committee's Report

19

Nomination and Remuneration Committee's Report

20

Audit Committee's Report

22

Risk Management Committee's Report

24

Board of Directors

37

Management Team

40

Financial Information

41

Vision and Mission

42

Business Objectives

43

General Information

50

Nature of Business

54

Risk Factors

61

Shareholding Structure

62

Organizational Chart

63

Management Structure

80

Corporate Governance

94

Risk Management and Internal Control

98

Dividend Policy

99

Related Transaction

101

Sustainable Development Report

149

GRI Content Index and SDGs

157

Management Discussion and Analysis

166

Board Directors' Responsibilities in the Financial Statement's Report

167

Independent Auditor's Report

171

Financial Statement



Discount
3%

0%
Installment
10 months

10%
Service
discount



“Answer every shopping desire.”

CUSTOMER ENGAGEMENT

Exclusive privileges that serve every lifestyle.

Home Card Membership



Every purchase is valuable. Earned points easily to redeem for cash coupon. The cash coupon can be used with the next purchase at HomePro. Receive 1 point for every 30 Baht spent. Every 1,000 points can be exchanged for a 100-Baht cash coupon. Members are entitled to purchase products and services at member price, or eligible to win various prizes from special sales events. In addition over 3.5 million, members are invited to join activities throughout the year. Points can be transferred between Home Card and HomePro Visa Credit Card.

HomePro Visa Credit Card



HomePro Visa Credit Card offers valuable privileges that complement the aesthetics of home and living experience. Enjoy shopping for products and services with various perks at every HomePro Store. The privileges appeal to every life style on regular basis and during special occasions. For example, 3% instant discount when paying with HomePro Visa Credit Card, additional 13% discount when redeeming points equivalent to the purchase amount, 0% interest payment plan up to 10 months, and up to 10% discount on Home Service. Home Service includes electrical appliance cleaning, installation service, interior redesign and much more (conditions applied).

Customer 360°



Creating good experience for customers is another important aspect. We are dedicated to collect data and analyze purchasing trend and customer service to help us understand our customers, source and deliver good experience that matches the lifestyles of our customers even better. For example, Personalized Message and various notifications that recommend promotions and privileges, tailored to each customer at the personal level.



“Fulfill every lifestyle”

CUSTOMER FOCUS

Continuously develop products based on the distinguished demands of the customers.

Product for Elder



Take care of your loved ones with products that were developed and chosen selectively to support the physical changes of elders. All products are designed with safety standard, convenience and long lasting well-being. We offer one-stop service that consists of the product, recommendation, design and installation by professionals. The service covers every room, including bathroom, kitchen, living room and bedroom.

Eco Product



To satisfy the need of customers and care for the environment simultaneously by selecting eco-friendly products based on the manufacturing process, usage and minimum harm to the environment. HomePro designed and selected 6 symbols to indicate the types of Eco Products. The 6 symbols are Energy Saving, Sustainable Forest, Environmental Friendly, Health & Safety, Water Saving and Carbon Care. These Eco symbols serve as the tool for us to easily communicate to customers that the products are friendly to the environment.



Product Innovation

We are dedicated to build and develop innovative products to respond to the ever-changing lifestyles of consumers. This includes building better living standard through products and services, such as an entire home renovation project under the concept of Home Makeover.



Product Varieties

The essential of the word 'home' is to build a living space that suits every lifestyle through a variety of products. We have over 60,000 items from various product groups such as bedding, carpet, curtain, decoration, home improvement tools, kitchen, appliances, bathroom and sanitary ware. We also introduce new items with care for every area in your home.



“Because you are our priority.”

CUSTOMER CARE

Deliver unprecedented level of service for impressive home experience.



Emergency service

Exceptional services for home lovers. Convenient and fast to fix all initial issues such as electric short, power outage, broken down water pump, and broken pipe, so you do not have to worry about finding technicians. Quality HomePro technician teams ensure the safety of the service. Rest assured with our technical assistants who are ready to provide emergency service 24 hours, as well allowing you to call in technicians urgently. The services come with warranty under the conditions set by the Company. All you need is one Prepaid Card.



Lady service

We pay attention to every detail and provide you with the next level of security by using female professionals, who are trained and quality-tested by HomePro. This is one of many good services that answers the need of elders and ladies. The service covers every home related aspect such as appliance cleaning, installation, painting and home improvement.



Delivery and installation service

Another convenient privilege that we selected for you with “Nation-Wide Delivery” service enables our customers to buy and send products to their loved ones in faraway provinces for free, per conditions set by the Company. We also offer delivery Tracking Service.



We are ready to serve.

HomePro never stops developing the capacity of the staff. We provide comprehensive training that includes product knowledge and service standard. Therefore, our staff can effectively give recommendations, solve problems and present the right options to our customers. Moreover, our professional technicians are ready to serve the customers with tools that are up to standard, modern and precisely suitable to each area, such as electrical leakage detector, size-specific wall driller, and water leakage detector.



“Comprehensive housing solution”

CUSTOMER SOLUTION

A makeover of every area in the house to match every lifestyle.



HOME MAKEOVER

From the survey of homeowner's behavior, we found that customers are looking for comprehensive home improvement channel. They want an expert who they can consult with closely, starting from design work all the way through to the completion of the project that meets the standard and has high quality. The project are not abandoned and the cost is not over sum. Therefore, HomePro has developed Home Makeover program that covers Home Checkup, to inform customer about the existing home problems, and together design the home and solve the problems in a way that fits the lifestyle of every family member. The service covers home extension, area expansion, painting, fixing water leakage and electrical leakage, checking various systems inside the home, and much more. The service is an overhaul of the entire house that customer can design and control the budget as desire. The project completion and handover are on time. Customer can rest assured that the work is of high quality and will not be abandoned. Customer can also check every step of the work and receive warranty per conditions set by the Company.



HOME SERVICE

Comprehensive service that covers every part of the home starting from installation, relocation, electrical fix, plumbing, laying tiles, cleaning appliances, improvement service, repair, decoration, and 3D design by professional designer. For all of the mentioned services, customers can consult with professional experts at every HomePro Store.



“Bring us closer together.”

CUSTOMER CONNECT

Bring us closer together. No matter where you are, you can shop any place, any time.

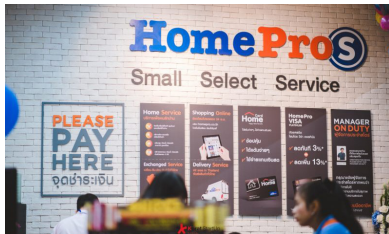


HomePro Thailand

Make shopping for home products easily with more than 81 HomePro Stores across Thailand, both inside shopping malls and at stand-alone HomePro near your home. There are more than 25 Stores in Bangkok Metropolitan areas and 56 Stores in upcountry ready with exceptional products and services.

HomePro S Thailand

Get closer to customers with small-size Stores in shopping complexes and community malls, giving you the comfort and convenience of shopping for home products. We select products that match the lifestyle of young generation and let you enjoy other product range like large-size HomePro through online counter located in the Store, under the concept of 'Small, Select and Service'.



HomePro Malaysia

First step into the Southeast Asian market is our Malaysia expansion with 6 Stores, both in the capital and major cities. Product selection and operation standard are comprehensive similar to HomePro Thailand. The customer base are expanded to countries that demand for home related products with extensive services.



Online shopping

Another channel of HomePro that combines various home related products along with discount and special benefits all your round Let you shop conveniently through HomePro Online at www.homepro.co.th. Shop from anywhere at any time 24 hours. Delivery, installation service and warranty under HomePro's standard are included.





“Inspire the real home professional”

THE BEST FRIEND OF CONTRACTOR

The center of good products and services by trustworthy professionals.



Delivery and installation service

We have delivery trucks ready to serve customers free-of-charge (conditions applied) and to facilitate the installation of various products such as air-conditioner, washing machine and water heater. Customer can contact Store or Call Center for more information about service and installation charges. Moreover, we prepare service area to serve customers who want to buy and take products home by themselves. Customers can conveniently take their cars to the product pick-up area located at building materials sales section in the back of the Store.



Pick up product within 1 hour.

Fast product pick-up within 1 hour at all 12 Stores near your home. Simply call to order the products 1 hour in advance. Once you arrive at the Store, you can pick up your products immediately. We have more than 80,000 items to serve the demand of contractors, technicians, project owners and retailers. Our product range covers construction work, repair, improvement, home decoration and various appliances.



MegaHome Membership

3 types, 3 styles of membership that consist of Professional Card, Shop Card for buying in bulk and VIP card for customers that selectively seek products for home. Member card holders are entitled to many benefits such as collecting the points. Receive 1 point for every 20 Baht spent. Members can collect points to exchange for cash coupons or gifts, buy products at member prices and receive news on special promotions.



On-Site Service

Project Sales team is ready to provide service on-site. We send out sales representatives to receive orders from shops and projects. We provide on-site delivery service for the convenience of customers. In addition, we accept credit card and installment for convenient shopping flexibility. Moreover, we offer warranty and 30-day return and exchange policy (conditions applied).

HomePro is the leading home improvement retailer in Thailand.



81 stores

Opened a new store at Lotus Bangkai



12 stores

Opened a new store at Chiang Rai



6 stores
in Malaysia

Opened 4 new stores at Melaka, Penang, Ipoh, and Johor Bahru



Product Range

40,000 - 80,000 items

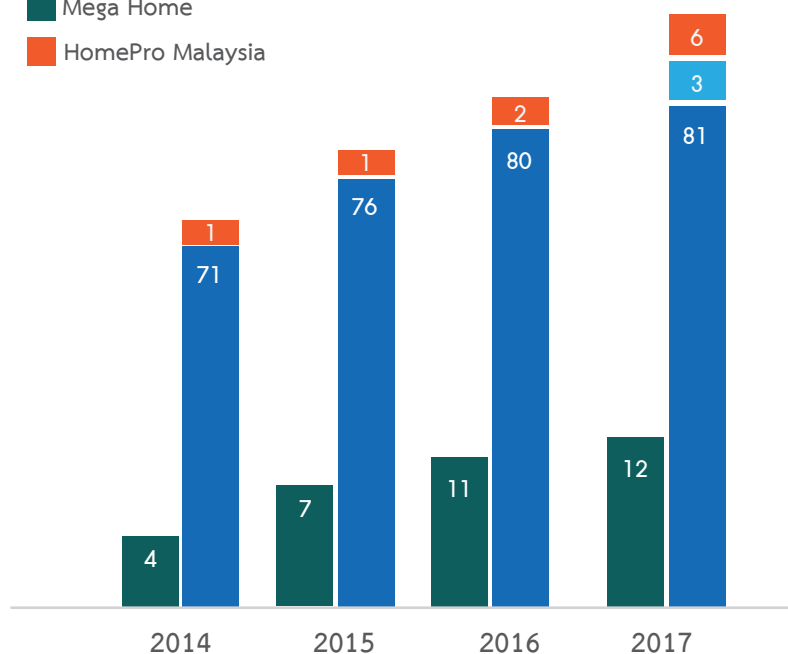
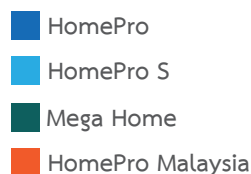
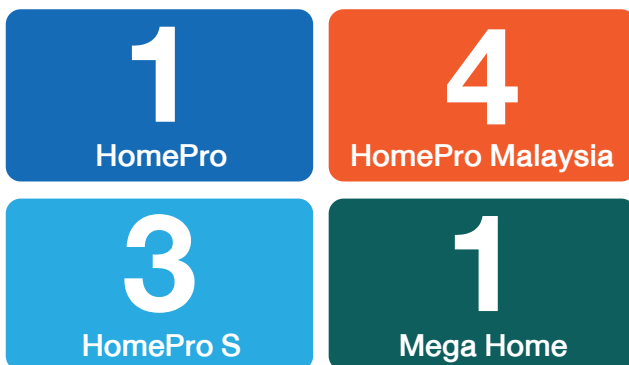
The core of product selection is its determination to bring the best products to customers; therefore, completeness, quality, and worthiness are at the heart of our people.



Home Service
+1,133
teams

Home Improvement service was designed by HomePro from our understanding of customer needs. Our professional technicians, who have knowledge in their jobs, will provide the service and help customers accurately manage budget and time.

No. of New Stores



Our Associates
+10,645
persons

**Home Card and
Mega Home Card**

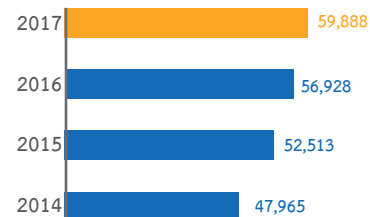


+3.5 Million Member

Privileges provide to our valued customers. Cardholders will get a discount for purchasing products or services and every purchase made with the card will accumulate points to redeem a cash equivalent for the next purchase. Besides that, the customers also get other privileges.

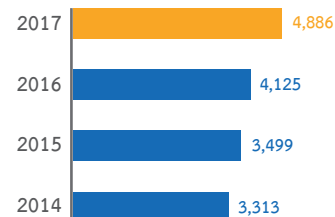
Sales (Million Baht)

+5.2%



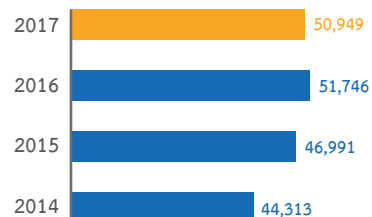
Net Profit (Million Baht)

+18.5%



Total Asset (Million Baht)

-1.5%



Message from the Board of Directors

Dear Shareholders,

The Thai economy in the first half of 2017 remained sluggish due to the weak purchasing power and the lack of support measure from the government. In the second half of 2017, the economy moved into a positive direction, driven by the recovery of the export sector as contributed by trading partners' economy, industrial expansion, and the tourism sector. As a result, the purchasing power of consumers in big cities increased. On the contrary, consumer spending in some provinces still decelerate in line with the low farm income during the first half of the year due to the low price of agricultural products. However, the government has been trying to stimulate the economy and revive consumer's confidence by launching economic stimulus such as "Shopping for the Nation" campaign, which was held for the third consecutive year during November to early December.



Business Expansion

The company opened 1 HomePro store at Lotus Bangkai and opened 1 HomePro S at Gateway Ekamai. Also, 2 HomePro Living stores at The Paseo Ladkrabang and Terminal 21 Korat have been converted to HomePro S. For subsidiaries, the Company opened 1 Mega Home store in Chiang Rai and added 4 more HomePro Malaysia stores in Melaka, Penang, Ipoh, and Johor Bahru. At the end of the year, the Company had a total of 81 HomePro stores, 3 HomePro S stores, 12 Mega Home stores and 6 HomePro stores in Malaysia. The objective of continuous new store expansion is to achieve the economy of scale and to reach more customers in different areas.

In addition, the launch of a new business model (HomePro S) is designed to meet all customers' demand e.g. easy access to HomePro shop under the concept of "Small" - a compact style, easier to make purchases, and located in shopping centers or community malls; "Select" - wide range of products to match the needs of customers for repair, improvement and replacement; and "Service" - home service by professional HomePro teams.

For future plan, the Company still focuses on store expansion in Bangkok and other high-growth potential areas, along with renovation of existing stores to be more modern and to provide frictionless shopping experience, as well as leverage our merchandising assortment and new type of home services to create value and satisfy customer's preferences. The Company will also continue to develop and manage stores to be more efficient and energy saving by implementing environmental friendly technologies.

Operating Performance

The performance of the Company and its subsidiaries continued to grow, recording total revenue and profit at baht 64,234.49 million and baht 4,886.39 million respectively. The increase of baht 3,090.41 million and baht 761.19 million from the previous year primarily reflected the sale of new stores opening during 2016 and 2017 and operational efficiency improvement. the operating results for the first half of the year did not reach the target due to the negative impacts of the economy and weak consumer purchasing power. However, in the second half of the year, the economy showed recovery signs both in tourism sector and export sector, as reflected by the improvement of store performance in the major cities and areas that benefit from tourism comparing to the previous period.

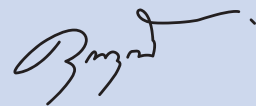
Management for Sustainability

The Company is committed to be a socially responsible organization and to focus on sustainable development. With the commitment and dedication of the executives, associates and all stakeholders, the Company has been selected to become a member of the Dow Jones Sustainability Index in the Emerging Market for the first

time in 2017, as well as received other awards both nationally and internationally e.g. rated on the corporate governance report at an excellent level, being listed as a member of the MSCI Global Sustainability Index and the FTSE4Good Emerging Market. These rewards reflect a true sustainable development of the organization.

For other social and community development projects, the Company continues to provide ongoing support and adapt to the changes in context and environment. For example, Kids' Toilet Campaign changed the name to Toilets for Society and expanded the user group to the elderly and the disabled other than the children alone.

On behalf of the Board of Directors, I would like to express my gratitude to the dedication, commitment and responsibility of our associates at all levels, as well as to thank for the opportunities, good intention and cooperation from all key stakeholders. The Company will continue to commit to the principles of good corporate governance, social accountability and environmental responsibility to grow sustainably onward into the future.



(Mr. Khunawut Thumpomkul)

Representative of the Board of Directors

Executive Committee's Report

Dear Shareholders,

The Company has the Executive Committee to monitor the operational performance on a monthly basis, analyze the competitive landscape as well as consider and screen on new investments and business expansions to make the Company achieve its targeted goals and strategies as planned. The executive committee consist of 4 members including Mr.Manit Udomkunnatum as Chairman, Mr.Naporn Sunthornchitcharoen and Mr.Rutt Phaniijphand as directors, and Mr.Khunawut Thumpomkul as both Executive director and Managing director to acknowledge and directly employ the committee's advice to the Company's operation.

In 2017, the Executive Committee had 12 meetings in total and reported the summary of operational performance to the Board of Directors. Details of meeting attendance by the Executive Committee are as follows:

Name-Surname		Position	Attendance/Number of meeting
Mr. Mani	Udomkunnatum	Chairman of the Executive Committee	10 / 12
Mr. Khunawut	Thumpomkul	Executive Director/ Managing Director	12 / 12
Mr. Naporn	Sunthornchitcharoen	Executive Director	12 / 12
Mr. Rutt	Phaniijphand	Executive Director	12 / 12

Essence of the work performed in year 2017 can be summarized as follows:

1. Considered and reviewed the operational performance on a monthly basis to be in line as planned as well as screened the Company's strategies and issues requiring preliminary decision making prior to be proposed for the Board of Directors' approval.
2. Considered and reviewed investments, store expansion and annual budget allocation to be accurate and according to the Company's strategies as well as proposed other strategic plans to the Board of Directors.
3. Considered and conducted a feasibility study of various projects as well as advised the Managing Director and executives on operational management.
4. Approved other Board-assigned transactions on a case by case basis.



(Mr. Mani Udomkunnatum)

Chairman of Executive Committee

Nomination and Remuneration Committee's Report

Dear Shareholders,

The Nomination and Remuneration Committee has duly performed its duties as assigned by the Board of Directors, and as specified in the charter of the Nomination and Remuneration Committee, in determining the recruitment procedures and criteria for the Director and Managing Director positions, as well as the nomination of potential candidates for the Director position. The Committee is also in charge of; regulating the remuneration procedures and criteria, and other benefits entitled to the Board of Directors and sub-committee members; considering and proposing the annual remuneration policies and other benefits for the Managing Director, in accordance with the scope of duties, responsibilities and performance criteria based on different indicators; and lastly allocating budgets for salary increase, bonus, welfare and other benefits for employees of the Company and its subsidiaries.

In 2017, the Committee held 2 meetings. Details of meeting attendance are as follows:

Name-Surname		Position	Attendance/Number of meeting
Mr. Rutt	Phanijaphand	Chairman of the Nomination and Remuneration Committee	2 / 2
Mr. Chanin	Roonsamrarn	Director of the Nomination and Remuneration Committee	2 / 2
Mr. Naporn	Soonthornchitcharoen	Director of the Nomination and Remuneration Committee	2 / 2

Essence of the work performed in year 2017 can be summarized as follows:

1. Executed the recruitment and selection activities for the positions of the Directors and sub-committee members in replacement of those whose term of office has come to an end. The consideration was based upon the appropriate qualifications of the individuals as specified in the Securities and Exchange Commission and the Stock Exchange of Thailand regulations. The successful candidates must not possess characteristics prohibited by law, with considerations to competencies, experiences, knowledge and skills that will be of advantages to the Company. Besides, the Company also granted opportunities to individual shareholders to nominate qualified candidates for the Director position, from October 13, 2016 until January 13, 2017, in order to propose to the Board of Directors and the Annual General Shareholders Meeting 2017 respectively. However, no nominations were made.
2. Considered the remuneration procedures and criteria for the directors and sub-committee members.
3. Evaluated the Managing Director's performance, with regards to the KPI target in order to determine appropriate remuneration.
4. Considered and allocate budgets for salary increase, annual bonus, welfare and other benefits for employees of the Company and its subsidiaries to ensure that they are in line with the Company's operating performance and remain competitive in the market and the overall retail business.
5. Gave an advice to Human Resource Management and Personnel Department
6. Considered the revision of the charter of the Nomination and Remuneration Committee. There had been no revisions proposed for the year 2017 since the current version is still complete and appropriate.

The Nomination and Remuneration Committee has duly performed its duties in accordance with good governance principle by concerning the maximum benefits of the Company and all stakeholders.



(Mr. Rutt Phanijaphand)

Chairman of the Nomination and Remuneration Committee

Audit Committee's Report

Dear Shareholders,

The Audit Committee of the Company consists of 3 independent directors who have abilities, qualifications and independence according to the regulations of the Stock Exchange of Thailand by having Mr. Boonsom Lerdhirunwong as a chairman, Mr. Thaveevat Thatiyamaneeekul and Mr. Chanin Roonsamrarn as member of the Audit Committee.

For the year 2017, the Audit Committee has performed the duty according to the scope of responsibilities as stipulated in the charter of the Audit Committee and according to the assignment from the Board of Directors. There were 12 meetings, and the external auditor was invited to attend for the agenda which was relevant. Details of meeting attendance by the Audit Committee are as follows:

Name-Surname	Position	Attendance / Number of Meeting in 2017
Mr. Boonsom Lerdhirunwong	Chairman of Audit Committee	12/12
Mr. Thaveevat Thatiyamaneeekul	Director of Audit Committee	12/12
Mr. Chanin Roonsamrarn	Director of Audit Committee	12/12

The Audit Committee has the duty and responsibilities according to the charter of the Audit Committee and according to the assignment from the Board of Directors, which include the review for the Company in order to have the accurate and sufficient financial statements, have efficient internal control system and corporate governance, have the compliance with relevant laws and regulations, have monitored the transaction which may have conflict of interest in order to be in compliance with the relevant rules and regulations and to earn the utmost benefits to the Company, as well as the selection and proposing the opinion for appointment of the external auditor. Key performance of the Audit Committee can be summarized as follows:

Essence of the Work Performed in year 2017

1. Considered and reviewed the Company's financial statements before such were disclosed to the Stock Exchange of Thailand and the Securities and Exchange Commission, which such was made in the agenda of the review of the financial statements.
2. Considered the selection and nomination of the external auditor and determination of the audit fee to propose to the Board of Directors for the request for approval from the shareholders' meeting.
3. Convened with the external auditor for 4 times for considering the guidelines of performance and the scope of auditing as well as the results and recommendation in order to ensure that the financial statement audit has been made completely and appropriately according to the auditing standards which covers the key performance and risks that may affect the proceeding of the Company. Such meetings with the auditor had no attendance of the management.
4. Convened with the Internal Audit Department for the operation and scope of proceeding, the review of audit plan in order to ensure that the internal audit has been made completely and appropriately according to the internal audit standards. In 2017, the internal auditors were made to evaluate the sufficiency and efficiency of the internal control system of the Company and its subsidiaries in general, and there was an acknowledgement of the report on the result of the audit and following up of the improvement and correction according to the recommendations in order to enhance more effectiveness and efficiency to the internal control system, as well as enhance the Company to solve problems in timely manner.
5. Reviewed the Company's compliance with the corporate governance policy under the CG Code of the Securities and Exchange Commission under the upcoming new guideline. In addition, the Committee has encouraged the Company to open up channels for reporting corruption and unethical practices (Whistleblowing) through the website and e-mail in compliance with good corporate governance and the Company's business philosophy.

6. Reviewed the compliance with the laws on Securities and Stock Exchange, the rules of the Stock Exchange or the laws relevant to the business proceeding of the Company.
7. For the related transaction and the transactions that may lead to conflicts of interests, the Committee assigned the internal audit office to inspect and annually report to the Audit Committee. The Committee has also reviewed the accuracy and completeness of the disclosure in accordance with the rules and regulations of the Securities and Exchange Commission.
8. Evaluated the sufficiency and suitability of the internal control system which covers the organization, the environment, risk management, monitor performance, information and communication technology, and tracking system as well as emphasized on adequate and effective internal control system leading the organization to a good corporate governance system that drives the management of the Company's towards the Three Line of Defense.
9. Reviewed and appraised self-evaluation for the year compared to the good guidelines and charter which such result was effective implement and in compliance with the stated charter.
10. Valued the oversight of compliance with anti-corruption by assigning Internal Audit Department to review the measures and guideline for preventing fraud and improper behavior in various work systems as well as extended the practice to suppliers such as criteria for suppliers' assessment, development of Code of Conduct for suppliers, and guidelines of No Gift policy on any occasion.

The Audit Committee has the following opinion in 2017

1. The Company's financial statements are reliable, accurate and complete according to the Generally Accepted Accounting Principle and have sufficiently and timely disclosed material information.
2. The Company has sufficient, effective and efficient internal control system, system of operational control, and the tracking system, and perform in accordance with good corporate governance principles with transparency and liability.
3. The Company has not performed any act in violation to the laws on Securities and Stock Exchange, the rules of the Stock Exchange or the laws relevant to the business of the Company.
4. The entering into the related transaction or the transaction which may have conflicts of interest have been made in accordance with the law, the rules of the Stock Exchange of Thailand, with appropriate reason for the utmost benefits for the Company, and have no indication or other observations to imply any abnormal circumstance.
5. The appointed external auditor has abilities, experiences for the work, independence and has no relation or transaction which may cause conflicts of interest with the Company. This can be ensured that the audits were made completely and appropriately according to the accounting standard and also were efficient and transparent.
6. The Audit Committee has reviewed the independency, annual plan and scope of internal audit department as well as considered the result of internal audit and evaluated performance of the head of internal audit. The Audit Committee opines that internal audit of the Company were made independently, sufficiently, and efficiently.
7. The Audit Committee has performed the duty independently, completely and accurately, according to the stated charter of the Audit Committee with good cooperation from every party concerned.



(Mr. Boonsom Lerdhirunwong)

Chairman of the Audit Committee

Risk Management Committee's Report

Dear Shareholders,

The Company recognizes the importance of risk management in building confidence to achieve goals for stakeholders, preventing or minimizing potential losses, and aligning with good corporate governance principle. The Board of Directors approved the establishment of the Risk Management Committee with the duty and responsibility to formulate strategies, policies, guidelines and procedures for managing the key risks of the Company and preparing to cope with potential changes.

In 2017, the Committee reviewed the risk management framework and its results by incorporating the vision, mission and goals of the organization, in order to manage key risks and/or potential future events. The risk management framework was concluded to be adequate, appropriate and ready to handle potential changes under good corporate governance principle. In 2017, the Risk Management Committee held 4 meetings and summarized the performance as follows:

1. Monitored and reviewed risks or major risky events that may affect the current and future operation of the Company. Prioritized risks and reviewed the sufficiency and appropriateness of the Mitigation Plan to be consistent with the direction of the business. The objectives were to control such risks within the acceptable level, reduce the likelihood of risk occurrence, prepare to handle any incident or changes that may occur, and prevent significant impact to the performance of the Company.
2. Supervised and provided support to ensure that the established risk management process has been followed up consistently.
3. Reported the performance of the Risk Management Committee to the Board of Directors for acknowledgement.

The Company considers key risks according to the Enterprise Risk Management principle, which categorizes potential impact to the organization into 4 aspects: strategic risk, operational risk; (3) compliance risk; (4) financial risk. The implementation is summarized as follows:

Strategic Risk

Strategic risk covers the risk to maintain competitiveness, economic and political risks, investment risk in business expansion, and the risk from the change in customer behavior. In 2017, the Company monitored and oversaw the operation to align with the mission and the business plan, which is to maintain the position as the leader of Home Solution and Living Experience. The Committee assessed and tracked key risk indicators, as well as evaluated measures used to manage the risks, and concluded that they are sufficient and appropriate to control risks within the acceptable level.

Risk from the change in customer behavior is caused by technology. The change in technology plays an important role in determining the lifestyles and preferences of customers from different generations, who also look for new experiences to go along with their consumption. Building Brand Loyalty may not be enough for doing business in this era. To gain new customers and retain existing customers, the emphasis must be put on building the relationship between the Company and customers by creating good customer experience and getting customers involved. The Committee recognizes and prioritizes this matter. The Company has developed a business model to give customers even better shopping experience and services in order to manage risks that may occur in the future.

From the above, technology has evolved tremendously and played an important role in determining the channel to get through to the changing consumers and how to conduct marketing activities, especially for E-Commerce,

which accelerates the shopping process and is showing high growth potential. The Company has improved the channel to access products and services by connecting the online and in-store shopping experience together to prevent impact to the business in the future.

Operational Risk

Operational risk covers the risk of talent retention and recruitment, product sourcing, logistic system, inventory management, and information and communication technology. In 2017, the Board of Directors has supervised the Company to operate in compliance with the established risk management plan, in order to control risks within the acceptable level and prevent them from affecting business operations in the future.

Risk of talented personnel retention and recruitment: The Company provides welfare, privilege, job satisfaction, development, and career advancement to employees at all levels. The purpose is to build good employee morale and to develop their ability to work efficiently and effectively.

Risk of product sourcing, logistic system, and inventory management: The Company continues to control its cost effectively and maintain sufficient level of inventory to meet customer demand.

Risk of information and communication technology: In 2017, the world faced more serious cyber threats, whose impact is widespread and the potential risk is well recognized by the Company. The Board of Directors has proposed to test the cyber-security protection of the Company's system. This is to determine how to improve the effectiveness of the Company's cyber security (firewall) without affecting the daily operation. The Company has set a Disaster Recovery Plan to prevent the impact on the daily operation in case the ICT system goes down. In addition, the Company has the plan to handle various situations according to the Business Continuity Management standard.

In addition to the risks mentioned above, in 2017, the Committee also put emphasis on anti-corruption campaign (Private Sector Collective Action Against Corruption or CAC) and managed the Company, along with partner companies, to follow the same code of conduct to prevent corruption.

Compliance Risk

Compliance risk is the risk of legal restrictions in business. The Company is aware of this risk and has prepared a team of legal experts to study the limitations of the law, monitor and analyze the impact that may hinder the operation and the expansion of the organization. Compliance risk is the responsibility and accountability of all parties involved at every level. The Board of Directors, executives and employees must take part in monitoring, controlling and managing the operation to comply with the law and regulations strictly.

Financial Risk

Financial risk is the risk of finding the source of capital to finance the effective operation of the Company. The Company set up a plan to maintain the appropriate capital structure and low debt-to-equity ratio, along with the use of financial instrument to sufficiently finance future business expansion.

From the above implementation, the Committee performed in accordance with the assignment given by the Board of Directors. The Committee is confident that the risk management of the Company remains effective. The result of risk assessment in 2017 is within the acceptable level. There was no risk that had a significant impact to the Company.



(Mr. Khunawut Thumpomkul)

Chairman of the Risk Management Committee

Board of Directors



1. Mr. Manit Udomkunnatum

- Chairman of Executive Committee
 - Director
-



2. Mr. Rutt Phaniiphand

- Chairman of the Nomination and Remuneration Committee
 - Executive Director
 - Director
-



3. Mr. Boonsom Lerdhirunwong

- Chairman of Audit Committee
 - Independent Director
-



4. Mr. Thaveevat Thatiyamaneekul

- Audit Committee
 - Independent Director
-



5. Mr. Chanin Roonsamrarn

- Audit Committee
 - Independent Director
 - Nomination and Remuneration Committee
-



6. Mr. Naporn Sunthornchitcharoen

- Director
 - Executive Director
 - Nomination and Remuneration committee
-



7. Mr. Chadchart Sittipunt

- Director
-



8. Mr. Khunawut Thumpomkul

- Director
 - Executive Director
 - Managing Director
-



9. Ms. Suwanna Buddhaprasart

- Director
-



10. Mr. Pornwut Sarasin

- Independent Director
-



11. Mr. Achawin Asavabhokhin

- Director
-

1. Mr. Manit Udomkunnatum (72 years old)

- Chairman of Executive Directors and Director (appointed on 29 May 2001)
- Authorized Signatory Director

Direct shareholding	Spouse and minor childd shareholding	Family relationship with director and management
2.27%	None	None

Education

High School

Training

Thai Institute of Directors Association

2004 Directors Accreditation Program (DAP) 29/2004

Main Occupation

Director and Chairman of Executive Directors

Elysian Development Co., Ltd. (Property Development)

The brief working experience during the past 5 years

Period	Position	Company
Director of 1 listed company		
001 – Present	Director and Chairman of Executive Directors	Home Product Center Plc. (Retail)
Director of 6 non-listed companies		
2007 – Present	Director and Chairman of Executive Directors	Elysian Development Co., Ltd. (Property Development)
2006 – Present	Director and Chairman of Executive Directors	Shanghai Inn Co., Ltd. (Hotel)
2003 – Present	Director	Koh Maphrao Island Co., Ltd. (Hotel)
2001 – Present	Director	RLP Co., Ltd. (Leasing Space)
2001 – Present	Chairman of Executive Directors	USI Holding Co., Ltd. (Leasing Space)
2001 – Present	Director	Fashion People Co., Ltd. (Clothing Distributor)

2. Mr. Rutt Phanijphand (70 years old)

- Executive Director (appointed on 21 June 2007)
- Chairman of the Nomination and Remuneration Committee (appointed on 29 March 2007)
- Director (appointed on 20 December 2001)

Direct shareholding	Spouse and minor child shareholding	Family relationship with director and management
None	None	None

Education

Master of Science in Business Administration, Fort Hays Kansas State University, USA
Bachelor of Science, Kasetsart University

Training

Thai Institute of Directors Association

2016 Corporate Governance for Capital Market Intermediaries (CGI) 14/2016
2010 Financial Institutions Governance Program (FGP) 1/2010
2005 Directors Certification Program (DCP) 61/2005
2003 Directors Accreditation Program (DAP) 4/2003

Main Occupation

Chairman LH Financial Group Plc. (Holding Company)

The brief working experience during the past 5 years

Period	Position	Company
Director of 3 listed companies		
2007 – Present	Executive Director and Chairman of the Nomination and Remuneration Committee	Home Product Center Plc. (Retail)
2001 – Present	Director	
2014 – Present	Audit Committee	Banpu Plc. (Energy)
2005 – Present	Independent Director and Chairman of Remuneration Committee	
2017 – Present	Chairman	LH Financial Group Plc. (Holding Company)
2009 – Present	Director	
2009 – 2017	Chairman of Executive Committee	
2001 – 2014	Director, President and Managing Director	Quality Houses Plc. (Property Development)
Director of 3 non-listed companies		
2013 – Present	Chairman	Land and Houses Securities Plc. (Securities Trading)
2010 – Present	Chairman	Land and Houses Asset Management (Asset Management)
2017 – Present	Chairman	Land and Houses Bank Plc. (Commercial Bank)
2005 – Present	Director	
2005 – 2017	Chairman of Executive Committee	

3. Mr. Boonsom Lerdhirunwong (64 years old)

- Chairman of Audit Committee and Independent Director (appointed on 1 October 2014)

Direct shareholding	Spouse and minor child shareholding	Family relationship with director and management
None	None	None

Education

Ph.D. of Civil Engineer, INSA Toulouse, France
 Master of Civil Engineer, Chulalongkorn University
 Bachelor of Civil Engineer, Chulalongkorn University

Training

Thai Institute of Directors Association

2017 ID Forum: Updated COSO Enterprise
 Risk Management: Integrating with Strategy and Performance
 2016 Anti-Corruption: The Practical Guide (ACPG) 27/2016
 2014 Role of Chairman Program (RCP) 34/2014
 2012 Directors Certification Program (DCP) 162/2012
 Financial Statements for Directors (FSD) 17/2012
 Audit Committee Program (ACP) 41/2012
 Monitoring Fraud Risk Management (MFM) 8/2012
 Monitoring of the Quality of Financial Reporting (MFR) 16/2012
 Monitoring the Internal Audit Function (MIA) 13/2012
 Monitoring the System of Internal Control and Risk (MIR) 13/2012

Others

2014 Corporate Governance: Effectiveness and Accountability in the Boardroom,
 Kellogg School of Management, Northwestern University
 2013 Certificate in Top Executives in the Energy Education Program (Class of 3rd)
 2006 Diploma, the Joint State-Private Sector Course National Defence College (Class of 19th)

Main Occupation

Chairman and Independent Director Quality Houses Plc. (Property Development)

The brief working experience during the past 5 years

Period	Position	Company
Director of 2 listed companies		
2014 – Present	Chairman of Audit Committee and Independent Director	Home Product Center Plc. (Retail)
2015 – Present	Chairman and Independent Director	Quality Houses Plc. (Property Development)
2012 – 2014	Director and Audit Committee	PTT Plc. (Energy and Utilities)
Director of 2 non-listed organizations		
2015 – Present	Chairman	Thailand Institute of Nuclear Technology (Public Organization)
2010 – Present	Director and Chairman of Executive Directors of Building and Infrastructure Committee	The Thai Red Cross Society (Charitable Organization)
2008 – 2013	Dean – Faculty of Engineering	Chulalongkorn University (Educational Institution)
2013 – 2014	Chairman	State Railway of Thailand

4. Mr. Thaveevat Thatiyamaneekul (72 years old)

- Independent Director (appointed on 29 May 2001)
- Audit Committee (appointed on 19 March 2001)

Direct shareholding	Spouse and minor child shareholding	Family relationship with director and management
None	None	None

Education

Primary School

Training

Thai Institute of Directors Association

2006 Directors Accreditation 29/2004

Main Occupation

Chairman of Executive Director Star Fashion (2008) Co., Ltd. (Garment and Fashion Product Distributor)

The brief working experience during the past 5 years

Period	Position	Company
Director of 1 listed company		
2001 – Present	Independent Director and Audit Committee	Home Product Center Plc. (Retail)
Director of 2 non-listed companies		
2013 – Present	Chairman of Executive Committee	Maneepin Co., Ltd. (Holding Company)
1989 – Present	Chairman of Executive Committee	Star Fashion (2008) Co., Ltd. (Garment and Fashion Product Distributor)

5. Mr. Chanin Roonsamrarn (70 years old)

- Nomination and Remuneration Committee (appointed on 29 March 2007)
- Independent Director (appointed on 3 October 2005)
- Audit Committee (appointed on 22 September 2005)

Direct shareholding	Spouse and minor child shareholding	Family relationship with director and management
None	None	None

Education

Master of Business Administration (MBA), Fort Hays State University, USA

Training

Thai Institute of Directors Association

2006 DCP Refresher course 2/2006

2005 Audit Committee Program (ACP) 9/2005

2002 Directors Certification Program (DCP) 15/2002

2001 Role of Chairman Program (RCM) 6/2001

Main Occupation

Director Home Product Center Plc. (Retail)

The brief working experience during the past 5 years

Period	Position	Company
Director of 2 listed companies		
2007 – Present	Nomination and Remuneration Committee	Home Product Center Plc. (Retail)
2005 – Present	Independent Director and Audit Committee	
1986 – Present	Independent Director and Audit Committee	Thai Reinsurance Plc. (Insurance)
2003 – 2013	Audit Committee, Independent Director and Chairman of Risk Management Committee	Chubb Samaggi Insurance Plc. (Insurance)
Director of 1 non-listed company		
2010 – Present	Chairman of Executive Directors	SBL Leasing Co., Ltd. (Leasing)

6. Mr. Naporn Sunthornchitharoen (59 years old)

- Nomination and Remuneration committee (appointed on 1 June 2015)
- Director and Executive Director (appointed on 29 May 2001)
- Authorized Signatory Director

Direct shareholding	Spouse and minor child shareholding	Family relationship with director and management
None	None	None

Education

Master of Business Administration (MBA), Thammasart University
Bachelor of Civil Engineering, Chiangmai University

Training

Thai Institute of Directors Association

2011 Financial Institutions Governance Program (FGP) 2/2011
2005 Directors Certification Program (DCP) 53/2005
2004 Directors Accreditation Program (DAP) 25/2004

Other

2006 Diploma, the National Defence College Course

Main Occupation

Chairman Land and Houses Plc. (Property Development)

The brief working experience during the past 5 years

Period	Position	Company
Director of 5 listed companies		
2015 – Present	Nomination and Remuneration committee	Home Product Center Plc. (Retail)
2001 – Present	Director and Executive Director	
2017 – Present	Director	Quality House Plc. (Property Development)
2017 - Present	Chairman	Land and Houses Plc. (Property Development)
2002 – Present	Director	LH Financial Group Plc. (Holding Company)
2011 – Present	Director, Executive Director and Nomination and Remuneration Committee	
1994 – Present	Director	
2013 – 2017	Managing Director	Quality Construction Products (Construction Materials Manufacturers and Distributor)
2002 – 2017	Executive Director	Land and Houses Plc. (Property Development)
Director of 16 non-listed companies		
2013 – Present	Director	Land and Houses Securities Plc. (Securities Trading)
2012 – Present	Director	Land and Houses USA, INC (Property Development)
2005 – Present	Director, Executive Director and Nomination and Remuneration Committee	Land and Houses Bank Plc. (Commercial Bank)
2005 – Present	Director	Phuket Future Plan Co., Ltd. (Property Development)
2005 – Present	Director	Double Tree Co., Ltd. (Property Development)
2004 – Present	Director	LH Real Estate Co., Ltd. (Property Development)
2004 – Present	Director	LH Asset Co., Ltd. (Property Development)
2002 – Present	Director	Land and Houses Property Fund 2 Co., Ltd. (Fund Management)
2000 – Present	Director	Land and Houses Property Fund 1 Co., Ltd. (Fund Management)
1995 – Present	Director	Land and Houses North East Co., Ltd. (Property Development)
1995 – Present	Director	Land and Houses North Co., Ltd. (Property Development)
1995 – Present	Director	LH Mueng Mai Co., Ltd. (Property Development)
1993 – Present	Director	Siam Thani Real Estate Co., Ltd. (Property Development)
1991 – Present	Director	Siam Thani Property Co., Ltd. (Property Development)
1988 – Present	Director	Atlantic Real Estate Co., Ltd. (Property Development)
1986 – Present	Director	Pacific Real Estate Co., Ltd. (Property Development)
2001 – 2017	Director	Muang Mai Guthrie Plc. Co., Ltd. (Natural Rubber Production)

7. Mr. Chadchart Sittipunt (51 years old)

- Director (appointed on 1 June 2015)
- Authorized Signatory Director

Direct shareholding	Spouse and minor child shareholding	Family relationship with director and management
None	None	None

Education

Ph.D. in Civil Engineering, University of Illinois, USA
 Master of Business Administration (MBA), Chulalongkorn University
 Master of Civil Engineering (Structural), Massachusetts Institute of Technology, USA
 Bachelor of Civil Engineering, Chulalongkorn University

Training

Thai Institute of Directors Association

2006 Directors Certification Program (DCP) 70/2006
 Finance for Non-Finance Directors (FND) 25/2006

Main Occupation

Chief Executive Officer Quality Houses Plc. (Property Development)

The brief working experience during the past 5 years

Period	Position	Company
Director of 2 listed companies		
2015 – Present	Director	Home Product Center Plc. (Retail)
2015 – Present	Director, President, Managing Director and Chairman of Risk Committee	Quality Houses Plc. (Property Development)
Aug – Dec 2014	Director, Independent Director, Audit Committee and Nomination and Remuneration Committee and Chairman of Risk Committee	Land and Houses Plc. (Property Development)
2008 – 2012	Director, Independent Director, Audit Committee and Nomination and Remuneration Committee	
Director of non-listed company: None		
2012 – 2014	Minister of Transport	Minister of Transport
2012	Deputy Minister of Transport	Minister of Transport
2005 – 2012	Assistant Rector Property Management Office	Chulalongkorn University (Educational Institution)

8. Mr. Khunawut Thumpomkul (60 years old)

- Director, Executive Director and Managing Director (appointed on 29 May 2001)
- Authorized Signatory Director

Direct shareholding	Spouse and minor child shareholding	Family relationship with director and management
1.08%	None	None

Education

Master of Business Administration (MBA), NIDA
Bachelor of Economics, Ramkhamhaeng University

Training

Thai Institute of Directors Association

2001 Directors Certification Program (DCP) 8/2001

Main Occupation

Managing Director Home Product Center Plc. (Retail)

The brief working experience during the past 5 years

Period	Position	Company
Director 2 listed companies		
2001 – Present	Director and Executive Director and Managing Director	Home Product Center Plc. (Retail)
2013 – Present	Director	LH Financial Group Plc. (Holding Company)
2013 – 2017	Executive Director	
Director of 4 non-listed companies		
2013 – Present	Chairman	DC Service Center Co., Ltd. (Distribution Center)
2012 – Present	Chairman	Mega Home Center Co., Ltd. (Retail)
2010 – Present	Chairman	Home Product Center (Malaysia) Sdn. Bhd. (Retail)
2005 – Present	Chairman	Market Village Co., Ltd. (Tenant Management)
2012 – 2017	Director and Executive Director	Land and Houses Bank Plc. (Commercial Bank)

9. Ms. Suwanna Buddhaprasart (62 years old)

- Director (appointed on 2 July 2003)
- Authorized Signatory Director

Direct shareholding	Spouse and minor child shareholding	Family relationship with director and management
None	None	None

Education

Master of Business Administration (MBA), Chulalongkorn University
Bachelor of Commerce and Accountancy, Chulalongkorn University

Training

Thai Institute of Directors Association

2011 Financial Institutions Governance Program (FGP) 3/2011
2007 Directors Certification Program (DCP) 85/2007
2004 Directors Accreditation Program (DAP) 29/2004

Main Occupation

Chief Executive Officer LH Mall & Hotel Co., Ltd. (Property Development)

The brief working experience during the past 5 years

Period	Position	Company
Director of 2 listed companies		
2003 – Present	Director	Home Product Center Plc. (Retail)
2000 – Present	Executive Director, Risk Management Committee, CG Committee,	Quality Houses Plc. (Property Development)
2000 - 2016	Senior Vice President and Company Secretary	
2010 – 2017	Director	LH Financial Group Plc. (Holding Company)
Director of 12 non-listed companies		
2016 – Present	Director and Chief Executive Officer	LH Mall & Hotel Co., Ltd. (Property Development)
2016 – Present	Director	Gusto village Co., Ltd. (Property Development)
2016 – Present	Director	Quality Houses Plc. (Property Development)
2013 – Present	Director	Property Host Co., Ltd. (Interior)
2013 – Present	Director	Casa Ville (Cholburi 2010) Co., Ltd. (Property Development)
2012 – Present	Director	Center Point Hospitality Co., Ltd. (Property Leasing)
2012 – Present	Director	L&H Hotel Management Co., Ltd. (Hotel)
2010 – Present	Director	QHouse Precast Co., Ltd. (Interior)
2008 – Present	Director	L&H Management Co., Ltd. (Hotel)
2003 – Present	Director	Casa Ville Co., Ltd. (Property Development)
2003 – Present	Director	QH Management Co., Ltd. (Service)
2000 – Present	Director	QH International Co., Ltd. (Property Leasing)
2000 – Present	Director	The Confidence Co., Ltd. (Property Development)
2013 – 2014	Director	Land and Houses Bank Plc. (Commercial Bank)
2005 – 2012	Director and Nomination and Remuneration Committee	

10. Mr. Pornwut Sarasin (58 years old)

- Independent Director (appointed on 1 October 2015)

Direct shareholding	Spouse and minor child shareholding	Family relationship with director and management
None	None	None

Education

Master of Business Administration (MBA), Pepperdine University, USA

Bachelor of Business Administration, Boston University, USA

Training

Thai Institute of Directors Association

2005 Directors Accreditation Program (DAP) 45/2005

Main Occupation

Chairman Thai Namthip Ltd. (Soft Drinks Bottler)

The brief working experience during the past 5 years

Period	Position	Company
Director of 4 listed companies		
2015 – Present	Independent Director	Home Product Center Plc. (Retail)
2015 – Present	Director	Crown Seal Plc. (Packaging)
2009 – Present	Director	AP (Thailand) Plc. (Property Development)
1994 – Present	Director and Chairman of Audit Committee	Charoong Thai Wire & Cable Plc. (Cable Manufacturers and Distributor)
Director of 9 non-listed companies		
2014 – Present	Director	Bangkokglass Plc. (Packaging Manufacturers and Distributor)
2013 – Present	Chairman	Thai Namthip Ltd. (Soft Drinks Bottler)
2000 – Present	Director	Honda Automobile (Thailand) Co., Ltd. (Automobile Manufacturers)
1998 – Present	Director	Denso (Thailand) Co., Ltd. (Electronic Manufacturers)
1993 – Present	Director	Thai Asia Pacific Brewery Co., Ltd. (Drinking Manufacturers and Distributor)
1986 – Present	Director	Thai-MC Co., Ltd. (Chemical Wholesaler)
1986 – Present	Director	Isuzu Motors (Thailand) Co., Ltd. (Automobile Manufacturers)
1986 – Present	Director	Tri Petch Isuzu Co., Ltd. (Automobile Distributor)
1986 – Present	Director	Tri Petch Isuzu Leasing Co., Ltd. (Automobile Leasing)
2014 – 2017	Director	Krungthep Thanakom Co., Ltd. (Logistic)

11. Mr. Achawin Asavabhokhin (42 years old)

- Director (appointed on 10 April 2014)

Direct shareholding	Spouse and minor child shareholding	Family relationship with director and management
None	None	None

Education

Bachelor of Economics, University of Pennsylvania, USA

Bachelor of Engineering, University of Pennsylvania, USA

Training

Thai Institute of Directors Association

2014 Directors Certification Program (DCP)

Main Occupation

Executive Vice President SCB Asset Management (Asset Management)

The brief working experience during the past 5 years

Period	Position	Company
Director of 2 listed company		
2014 – Present	Director	Home Product Center Plc. (Retail)
2017 – Present	Director	Quality House Plc. (Property Development)
Director of 1 non-listed company		
2011 – Present	Executive Vice President	SCB Asset Management (Asset Management)

Management Team

1. Mr. Anuchar Jitjaturunt (54 years old)

- Executive Vice President

Direct Shareholding	Shareholding by spouse and minor child
0.10%	None

Highest Level of Education / Training

MBA, Sasin Graduate Institute of Business Administration
of Chulalongkorn University

Experience during the past 5 years

2016- Present	Executive Vice President
2002 - 2016	Senior Vice President Home Product Center Plc.

3. Mr. Kasem Pinmontearntong (59 years old)

- Senior Vice President - Operation

Direct Shareholding	Shareholding by spouse and minor child
0.0014%	None

Highest Level of Education / Training

Bachelor of Business Administration,
Ramkhamhaeng University

Experience during the past 5 years

2013 - Present	Senior Vice President
2001 - 2013	District Manager Home Product Center Plc.

5. Ms. Jarusopha Thumkathikanon (58 years old)

- Senior Vice President - Soft Line Merchandising

Direct Shareholding	Shareholding by spouse and minor child
0.08%	None

Highest Level of Education / Training

Bachelor of Economics, The University of The Thai
Chamber of Commerce

Experience during the past 5 years

2003 - Present	Senior Vice President Home Product Center Plc.
----------------	---

2. Mr. Weerapun Ungsumalee (55 years old)

- Executive Vice President

Direct Shareholding	Shareholding by spouse and minor child
0.05%	None

Highest Level of Education / Training

Master of Industrial Engineering, Asian Institute
of Technology

Experience during the past 5 years

2016- Present	Executive Vice President
2005 - 2016	Senior Vice President Home Product Center Plc.

4. Mr. Nat Jarlitchana (57 years old)

- Senior Vice President - Marketing

Direct Shareholding	Shareholding by spouse and minor child
0.04%	None

Highest Level of Education / Training

MBA, Kasetsart University

Experience during the past 5 years

2006 - Present	Senior Vice President Home Product Center Plc.
----------------	---

remark: Retirement on 31 December 2017

6. Ms. Siriwan Paimsethasin (59 years old)

- Senior Vice President - Home Electric Product
Merchandising

Direct Shareholding	Shareholding by spouse and minor child
0.02%	None

Highest Level of Education / Training

Diploma in Business Computing, Dhonburi Rajabhat University

Experience during the past 5 years

2011 - Present	Senior Vice President
2007 - 2011	Vice President - Appliance Products Home Product Center Plc.

7. Ms. Sannipa Swangpuen (48 years old)

- Senior Vice President - Hard Line Merchandising

Direct Shareholding	Shareholding by spouse and minor child
0.001%	None

Highest Level of Education / Training

Master degree of Accounting, Griffith University, Australia

Experience during the past 5 years

2014 - Present	Senior Vice President Home Product Center Plc.
1997 - 2013	Senior Manager Ek-Chai Distribution System Co., Ltd.

9. Ms. Apiradee Thavilap (46 years old)

- Senior Vice President - Ceramic and Sanitary Ware Merchandising

Direct Shareholding	Shareholding by spouse and minor child
0.0008%	None

Highest Level of Education / Training

MBA, Colorado State University, USA

Experience during the past 5 years

2014 - Present	Senior Vice President Home Product Center Plc.
2012 - 2013	Senior Manager Ek-Chai Distribution System Co., Ltd.

11. Ms. Pornsook Damrongsiri (52 years old)

- Senior Vice President - Supply Chain

Direct Shareholding	Shareholding by spouse and minor child
0.001%	None

Highest Level of Education / Training

MS-CIS, Colorado State University, USA

Experience during the past 5 years

2013 - Present	Senior Vice President Home Product Center Plc.
2007 - 2013	Senior Manager Ek-Chai Distribution System Co., Ltd.

8. Ms. Ittaporn Srisukwattana (46 years old)

- Senior Vice President - Textile and Furniture Merchandising

Direct Shareholding	Shareholding by spouse and minor child
0.004%	0.004%

Highest Level of Education / Training

MBA, Assumption University

Experience during the past 5 years

2015 - Present	Senior Vice President
2010 - 2014	Vice President Home Product Center Plc.

10. Mr. Chaithuth Karungasopon (59 years old)

- Senior Vice President - Distribution Center

Direct Shareholding	Shareholding by spouse and minor child
0.02%	0.001%

Highest Level of Education / Training

Bachelor of Finance, Ramkhamhaeng University

Experience during the past 5 years

2007 - Present	Senior Vice President Home Product Center Plc.
----------------	---

12. Mr. Vathunyu Visuthikosol (53 years old)

- Senior Vice President - Business Development

Direct Shareholding	Shareholding by spouse and minor child
0.07%	None

Highest Level of Education / Training

MBA, Georgia State University, USA.

Experience during the past 5 years

2002 - Present	Senior Vice President Home Product Center Plc.
----------------	---

13. Ms. Sudapa Chamod (44 years old)

- Senior Vice President - Information and Communication Technology

Direct Shareholding	Shareholding by spouse and minor child
0.001%	None

Highest Level of Education / Training

MBA, Asian Institute of Technology

Experience during the past 5 years

2012 - Present	Senior Vice President Home Product Center Plc.
1999 - 2012	Senior Manager Accenture Solutions Co.,Ltd.

15. Ms. Monaphat Phongpreedachit (49 years old)

- Senior Vice President - Home Service

Direct Shareholding	Shareholding by spouse and minor child
0.008%	0.0000001%

Highest Level of Education / Training

Senior High School, French Program,
Matthayomwatnairong School

Experience during the past 5 years

2017 - Present	Senior Vice President Home Product Center Plc.
2004 - 2017	Vice Preseident Home Product Center Plc.

16 Mrs. Surangkha Chaiprasart (47 years old)

- Senior Vice President - Customer Experience

Direct Shareholding	Shareholding by spouse and minor child
0.003%	0.0000003%

Highest Level of Education / Training

Bachelor Degree, Plant Propagation Technology,
King's Mongkut Institute of Techonology Ladkrabang

Experience during the past 5 years

2017 - Present	Senior Vice President
2008 - 2017	Vice Preseident Home Product Center Plc.

14. Mr. Nitat Aroontippaitoon (52 years old)

- Senior Vice President - Human Resource and Loss Prevention

Direct Shareholding	Shareholding by spouse and minor child
0.04%	None

Highest Level of Education / Training

MBA, National Institute of Development Administration

Experience during the past 5 years

2010 - Present	Senior Vice President Home Product Center Plc.
----------------	---

17. Ms. Wannee Juntamongkol (53 years old)

- Senior Vice President - Accounting and Finance
- Company Secretary

Direct Shareholding	Shareholding by spouse and minor child
0.08%	None

Highest Level of Education / Training

MBA, Sasin Graduate Institute of Business Administration of Chulalongkorn University
2017 Director Accreditation Program class 140/2017
2016 Capital Market Academy class 22
2015 Strategic CFO by Stock Exchange of Thailand (SET)
2008 Laws and regulations of the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET) Program for the Company Secretary by Faculty of Law of Chulalongkorn University
2005 Company Secretary Program, Institute of Director Association (IOD)

Experience during the past 5 years

2008 - Present	Company Secretary
2005 - Present	Senior Vice President Home Product Center Plc.

Financial Information

Unit: MB

Item	Consolidated Financial Statements			Separate Financial Statements		
	2017	2016	2015	2017	2016	2015
Total Assets	50,949.35	51,746.23	46,991.04	48,166.41	49,468.02	45,383.94
Total Liabilities	32,314.55	34,255.86	30,088.41	29,407.81	31,778.92	28,290.20
Equity	18,634.79	17,490.37	16,902.63	18,758.60	17,689.10	17,093.74
Sales Income	59,888.32	56,928.37	52,512.72	52,136.28	50,361.40	48,060.49
Total Revenue	64,234.49	61,144.07	56,243.17	56,317.56	54,465.58	51,607.59
Net profit	4,886.39	4,125.20	3,498.81	4,798.23	4,146.05	3,525.33
EPS (Baht)	0.37	0.31	0.27	0.36	0.32	0.27
Dividend per share (Baht)*	0.31	0.27	0.25	0.31	0.27	0.25
Paid-up Capital (Million Shares)	13,151.20	13,151.20	13,151.20	13,151.20	13,151.20	13,151.20

Remark : Dividend for 2017 amounted to 0.31 Baht/share. Paying from the first 6 months of operation at 0.13 Baht/share, according to the resolution of the Board of Directors Meeting No. 8/2017, and from the last 6 months of operation at another 0.18 Baht/share, according to the approval of the Board of Directors Meeting No. 2/2018 to be proposed to the Annual General Meeting of Shareholders 2018.

Financial Ratio

Item	Consolidated Financial Statements			Separate Financial Statements		
	2017	2016	2015	2017	2016	2015
Liquidity Ratio						
Liquidity Ratio (time)	0.75	0.71	0.69	0.88	0.85	0.79
Profitability Ratio						
Gross Profit (%)	26.45	25.51	25.73	27.11	26.15	26.18
Profit from Operation (%)	10.74	9.83	9.45	12.15	11.15	10.32
Net Profit (%)	7.61	6.75	6.22	8.52	7.61	6.83
Return on Equity (%)	27.05	23.99	21.46	26.33	23.84	21.43
Operation Efficiency Ratio						
Return on Assets (%)	9.52	8.36	7.66	9.83	8.74	7.95
Financial Analysis Ratio						
Debt to Equity Ratio (time)	1.73	1.96	1.78	1.57	1.80	1.66
Interest Coverage Ratio (time)	19.12	16.86	15.75	18.36	15.62	14.67



Vision

To be the leader in

Home Solution and Living Experience

in Thailand and Southeast Asia.

Mission

1 We will offer exceptional products and services that exceed customer's expectation and improve their standard of living with value and sufficiency.

2 We will ally with business partners to develop innovative products and services, and enhance management effectiveness for mutual success.



3 We recognize the importance of developing our associates and enable them to build potential, enhance productivity, behave according to the company culture, have good standard of living, and devote to the organization.

4 Our management is based on good governance, being socially responsible, and creating good relationships with the community and the environment.

5 We will consistently look for new business opportunities and appropriately add value to our stakeholders.

Business Objectives



In accordance with the vision to be the leader of Home Solution and Living Experience in Thailand and South East Asia, HomePro focuses on becoming a One-Stop Shopping destination and plans to continuously expand its investment to accommodate the growth of urban society. The expansion emphasizes on strategic provinces that are pivotal to the opening of ASEAN Economic Community (AEC), and other provinces with potential for growth. The Company aims to reach the milestone of 95 – 100 stores within the year 2020, both in Bangkok and upcountry. In addition, the Company plans to strengthen its service and add more product variety through new product selection. By the end of 2017, there were total of 84 HomePro stores throughout Thailand.

Besides HomePro business, the Company also expanded “Mega Home” to accommodate the market for building materials. Mega Home Center offers a comprehensive range of building materials and home related products,

both wholesale and retail. The target customers of Mega Home are technicians, contractors and project owners. By the end of 2017, there were total of 12 Mega Home stores. The Company aims to reach 15 - 20 Mega Home stores by 2020.

In order to become the industry leader and support the opening of ASEAN Economic Community, the Company has expanded its “HomePro” business internationally. The first international store was opened in Malaysia at IOI City Mall, Putrajaya. By the end of 2017, there were total of 6 stores in Malaysia and the performance has continued in positive trend. The Company plans to continue its international expansion by opening more stores in order to achieve economy of scale. In addition, the Company continues to study the behavior of Malaysian customers in order to adjust the product offerings and services, to meet customer’s demand as effectively as possible. For the expansion in Malaysia, the Company aims to reach 8 -10 stores by 2020.

General Information

Information of Home Product Center Public Company Limited

Location	31 Prachachuennonthaburi Rd., Tambon Bangkhen, Amphoe Muang, Nonthaburi 11000
Telephone	+662 832 1000
Facsimile	+662 832 1234
Website	www.homepro.co.th
Type of Business	Retailer of products and provider of services relating to construction, extension, renovation, and improvement of buildings, houses, and residence as One Stop Shopping
Registration No.	0107544000043
Registered Capital	Common stock 13,151,198,025 shares (1 Baht per share)
Paid-up Capital	Common stock 13,151,198,025 shares
Exchange Market	Stock Exchange of Thailand
Ticker Symbol	HMPRO

Information of company which Home Product Center Plc. holds more than 10 percent of shares

1. Market Village Co., Ltd

Location	31 Prachachuennonthaburi Rd. Tambon Bangkhen, Amphoe Muang, Nonthaburi 11000
Telephone	+662 832 1000 / +663 261 8888
Facsimile	+662 832 1234 / +663 261 8800
Type of Business	Management of rental space and provider of facility services
Registered Shares	50,000 ordinary shares at par value of Baht 100
Shareholding	49,993 shares (99.99%)

2. Home Product Center (Malaysia) SDN. BHD.

Location	Unit 5F-1A, 5 th Floor, Tower 1 @PFCC, Jalan Puteri 1/2, Bandar Puteri, 47100 Puchong, Selangor Darul Ehsan
Telephone	+603 8063 5179
Facsimile	+603 8063 5525
Type of Business	Retailer of home improvement products and comprehensive provider of related services
Registered Shares	48,863,049 ordinary shares at par value of 1 Malaysian Ringgit
Shareholding	48,863,049 shares (100%)

Information of company which Home Product Center Plc. holds more than 10 percent of shares

3. Mega Home Center Co., Ltd.

Location	49 Moo 5, Tambon Khlong Nueng, Amphoe Khlong Luang, Pathumthani 12120
Telephone	+662 029 7900
Facsimile	+662 029 7900
Type of Business	Retailer and wholesaler of construction and home improvement products
Registered Shares	15,000,000 ordinary shares at par value of Baht 100
Shareholding	14,999,998 shares (99.99%)

4. DC Services Center Co., Ltd.

Location	100 Moo 2 Tambon Lamsai, Amphoe Wungnoy, Ayutthaya 13170
Telephone	+663 528 7555
Facsimile	+663 528 7757
Type of Business	Warehousing and Distribution
Registered Shares	500,000 ordinary shares at par value of Baht 10
Shareholding	499,997 shares (99.99%)

Information of HomePro Stores

1. Rangsit 100 Phaholyothin Rd., AmphoeThunyaburi, Pathumthanee 12110	14. Pattaya 333 Moo 9, Tambon Nongprue, Amphoe Banglamung, Chonburi 20150
2. Rattanathibet 6/1 Moo 6, Tambon Saothonghin, Amphoe Bangyai, Nonthaburi 11140	15. Chaengwatthana 113 Moo 5, Tambon Pakkret, Amphoe Pakkret, Nonthaburi 11120
3. Fashion Island 587, 589 Ramindra Rd., Khannayao, Bangkok 10230	16. Had Yai 677 Petchkasem Rd., Tambon Had Yai, Amphoe Had Yai, Songkhla 90110
4. Paradise Park 61 Srinakarin Rd., Nongbon, Praves, Bangkok 10250	17. Ratchapruk 82 Moo 2, Tambon Bang Khun Kong, Amphoe Bang Kruai, Nonthaburi 11130
5. The Mall Bangkae 518 Moo 1, Petchkasem Rd., North Bangkae, Bangkae, Bangkok 10160	18. Suvarnabhumi 99/28 Moo 1, Tambon Rachatawa, Amphoe Bangplee, Samutprakarn 10540
6. Ratchadaphisek 125 Ratchadaphisek Rd., Dindang, Bangkok 10400	19. Hua Hin 234/1 Petchkasem Rd., Amphoe Hua-Hin, Prachuabkhirikhan 77110
7. Ploenchit 55 Wave Place Building, Wireless Rd., Pathumwan, Bangkok 10330	20. Samui 1/7 Moo 6, Tambon Bophut, Amphoe Kho Samui, Suratthani 84320
8. Phuket 104 Moo 5, Tambon Rasada, Amphoe Muang, Phuket 83000	21. Phitsanulok 959 Moo 10, Tambon Aranyik, Amphoe Muang, Phitsanulok 65000
9. Chiangmai 94 Moo 4 Tambon Nong Pa Kruang, Amphoe Muang, Chiangmai 50000	22. Khonkaen 177/98 Moo 17, Tambon Naimuang, Amphoe Muang, Khonkaen 40000
10. Ramkhamhaeng 647/19 Ramkhamhaeng (Sukhaphibal 3) Rd., Huamark, Bangkok, Bangkok 10240	23. Udonthani 89/20 Moo 9, Tambon Markang, Amphoe Muang, Udonthani 41000
11. Rama II 45/581 Moo 6, Samaedam, Bangkhunthien, Bangkok 10150	24. Suratthani 86 Moo 3, Tambon Wat Pradu, Amphoe Muang, Surat thani 84000
12. Prachachuen Prachachuennonthaburi Rd, Tambon Bangkhen, Amphoe Muang, Nonthaburi 11000	25. Petchkasem 224 Petchkasem Rd., Nongkhangplu, Nong Kham, Bangkok 10160
13. Latphrao 669 Latphrao Rd., Chompol, Chatuchak, Bangkok 10900	26. Chonburi 15/16 Moo 3, Tambon Huykapi, Amphoe Muang, Chonburi 20000

27. Ekamai-Ramindra 14/12 Moo 8 Lat Phrao, Lat Phrao, Bangkok, 10230	41. Suphanburi 133 Malai Maen Rd., Tambon Ruayai, Amphoe Muang, Suphanburi 72000
28. Rayong 560 Sukhumvit Rd., Tambon Noenphra, Amphoe Muang, Rayong 21000	42. Lopburi 85 Moo 6, Tambon Thasala, Amphoe Muang, Lopburi 15000
29. Ayutthaya 560 Sukhumvit Rd., Tambon Noenphra, Amphoe Muang, Rayong 21000	43. Sakonnakhon 689/1, Tambon That Choeng Chum, Amphoe Muang, Sakonnakhon 47000
30. Chiangmai - Hangdong 433/4-5 Moo 7, Tambon Mae-Hiya, Amphoe Muang, Chiangmai 50100	44. Trang 196 Moo 4, Tambon Ban Kaun, Amphoe Muang, Trang 92000
31. Krabi 349 Moo 11, Tambon Krabinoy, Amphoe Muang, Krabi 81000	45. Mega Bangna 39 Moo 6, Tambon Bangkaew, Amphoe Bangplee, Samutprakan 10540
32. Phuket - Chalong 61/10 Moo 10, Tambon Chalong, Amphoe Muang, Phuket 83000	46. Buriram 499 Moo 9, Tambon Isan, Amphoe Muang, Buriram 31000
33. Khao Yai 288 Moo 11, Tambon Nong Nam Daeng, Amphoe Pakchong, Nakhonratchasima 30130	47. Hat Yai (Kanchanavanich) 33/40 Moo 5, Tambon Khohong, Amphoe Hat Yai, Songkla 90110
34. Nakhonpathom 752/3 Petchkasem Rd., Tambon Huai-Charakhe , Amphoe Muang, Nakhonpathom 73000	48. Nakhonsawan 119/2 Moo 7, Tambon Bangmoung, Amphoe Muang, Nakhonsawan 60000
35. Nakhonratchasima 384 Mittraphap Rd., Amphoe Muang, Nakhonratchasima 30000	49. Mahachai 68/98 Moo 8, Tambon Thasai, Amphoe Muang, Samutsakhon 74000
36. Lumlukka 99 Moo 6, Tambon Buengkhamphroi, Amphoe Lumlukka, Pathumthanee 12150	50. Ubonratchathani 284 Moo 7, Tambon Chaeramae, Amphoe Muang, Ubonratchathani 34000
37. Sukhaphiban 3 101 Ramkhamheng Rd., Minburi, Bangkok 10510	51. Ratchaburi 208 Moo 13, Tambon Chedi Hak, Amphoe Muang, Ratchaburi 70000
38. Nakhonsithammarat 89 Nakhon-Pakpanang Rd., Amphoe Muang, Nakhonsithammarat 80000	52. Chanthaburi 21/18 Moo 11, Tambon Plubpla, Amphoe Muang, Chanthaburi 22000
39. Chachoengsao 187/9 Tambon Namuang, Amphoe Muang, Chachoengsao 24000	53. Chumphon 63 Moo 11, Tambon Wang Phai, Amphoe Muang, Chumphon 86000
40. Roi-et 116 Moo 3, Tambon Dong Lan, Amphoe Muang, Roi-et 45000	54. Prachinburi 44/1 Moo 4, Tambon Bang Boribun, Amphoe Muang, Prachinburi 25000

55. Kanchanaburi 15 Moo 1, Tambon Thalor, Amphoe Tha Muang, Kanchanaburi 71000	69. Phuket-Thalang 18 Moo 1, Tambon Si Sunthon, Amphoe Thalang, Phuket 83110
56. Phrae 171 Moo 7, Tambon Pa Maet, Amphoe Muang, Phrae 54000	70. North Pattaya 384/40 Moo 6, Tambon Na Kluea, Amphoe Bang Lamung, Chonburi 20150
57. Phutthamonthon Sai 5 198 Moo 1, Tambon Bang Toei, Amphoe Sam Phran, Nakhon Pathom 73210	71. Sukhothai 33 Moo 12, Tambon Ban-Kluay, Amphoe Muang, Sukhothai 64000
58. Saraburi 24/3 Moo 2, Tambon Takut, Amphoe Muang, Saraburi 18000	72. Samutsongkhram 2/25 Moo 1, Tambon Bangkaew, Amphoe Muang, Samutsongkhram 75000
59. Phetchabun 151 Moo 1, Tambon Chon Phrai, Amphoe Muang, Phetchabun 67000	73. Phetchaburi 526 Moo 6, Tambon Banmo, Amphoe Muang, Phetchaburi 76000
60. Chaiphum 164 Moo 7, Tambon Nongnasang, Amphoe Muang, Chaiphum 36000	74. Phatthalung 219 Moo 1, Tambon Kaojiak, Amphoe Muang, Phatthalung 93000
61. Chiangrai 157 Moo 2, Tambon Tasai, Amphoe Muang, Chiangrai 57000	75. Chonburi - Amata 108 Moo 12, Tambon Napa, Amphoe Muang, Chonburi 20000
62. Loei 117 Moo 9, Tambon Na An, Amphoe Muang, Loei 42000	76. Chaiphuek 54/8 Moo 2, Tambon Bang Phlap, Amphoe Pak Kret, Nonthaburi, 11120
63. Lampang 224 Highway-Lampang-Ngaw, Tambon Prabart, Lampang 52000	77. Rama 3 497/1 Rama 3 Road, Bang Khlo, Bang Kho Laem, Bangkok, 10120
64. Prachuapkhirikhan 57 Petchkasem Rd., Tambon Prachuapkhirikhan, Prachuapkhirikhan 77000	78. Bang Sa-re 133 Moo 8, Tambon Na Chom Thian, Amphoe Sattahip, Chon Buri, 20250
65. Surin 188 Moo 6, Tambon Nok Mueng, Amphoe Muang, Surin 32000	79. Rama 9 903 Rama 9 Road, Suan Luang, Suan Luang, Bangkok, 10250
66. Chiangmai-Sansai 49 Moo 4, Tambon Sansai Noi, Amphoe Sansa, Chiangmai 50210	80. Srinakarin 888/8 Moo 5, Tambon Bang Mueang, Amphoe Mueang, Samut Prakan, 10270
67. Hua-Talae 233 Moo 1, Tambon Nong Blua Sala, Nakhonratchasima 30000	81. Lotus Bangkhae 266 Phethasem Rd, Bang Khae Nuea, Bang Khae, Bangkok, 10160
68. Sriracha 99/123 Moo 10, Tambon Nong Kham, Amphoe Sriracha, Chonburi 20110	

Information of HomePro S

1.The Paseo Lat-Krabang

318/5 Lat Krabang Road, Lat Krabang, Lat Krabang, Bangkok 10520

2. Terminal 21 Korat

99 2nd Floor, Mittraphap-Nong Khai road, Tambon Nai Muang, Amphoe Muang, Kakhonratchasima 30000

3. Gateway Ekamai

982/22 Sukhumwit Rd, Phra Khanong, Khlong Toei, Bangkok, 10110

Information of Mega Home Stores

1. Rangsit

49 Moo 5, Khlong Nueng, Khlong Luang, Pathum Thani 12120

2. Mae Sod

1108 Moo 1, Tasailuad, Mae Sod, Tak 63110

3. Nong Khai

999 Moo 5, Meechai, Muang, Nong Khai 43000

4. Bor Win

333/143 Moo 3, Bowin, Sriracha, Chonburi 20230

5. Kabinburi

61 Moo 8 Muang Kao, Kabinburi, Prachinburi 25240

6. Minburi

81 Suwintawong Rd., Minburi, Bangkok 10510

7. Arunyaprathet

52 Moo 7, Bangmainongsai, Arunyaprathet, Srakaew 27120

8. Rojana

522 Moo 2, Tambon Sam Ruean, Amphoe Bang Pa-in, Ayutthaya 13160

9.Had Yai

89 Moo 1, Liangmuang (saia) Road, Tambon Khuan Lang, Amphoe Had Yai, Songkhla 90110

10. Nakhonratchasima

668 Moo 8, Tambon Muen Wai, Amphoe Muang, Nakhonratchasima 30000

11. Nakhonphanom

333/7 Nittayo Road, Tambon Nong Yat, Amphoe Muang, Nakhonphanom 48000

12. Chiang Rai

515 Moo 9, Bang, Ban Khu, Amphoe Muang, Chiang Rai 57100

Information of HomePro Malaysia's Stores

1. IOI City Mall

AT-2, Lower Ground Floor, IOI City Mall, Lebuhr IRC, IOI Resort City, 62502,

2. The Summit Subang USJ

G65B Ground Floor, The Summit Subang USJ, Persiaran Kewajipan USJ 1, 47600 Subang Jaya, Malaysia

3. Melaka

L1, Ground Floor, Tesco Melaka, No.1, Jalan Tun Razak, 75400 Peringgit, Melaka, Malaysia

4. Ipoh

G35, Ground Floor, Tesco Station 18 No.1, Medan Stesen 19/9, Station 18, 31650 Pengkalan Ipoh, Perak, Malaysia

5. Penang

S61, Second Floor, Tesco Penang, No.1, LebuhrTengkuKudin1, Bandar Jelutong,11700 PulauPinang, Malaysia

6. Johor Bahru

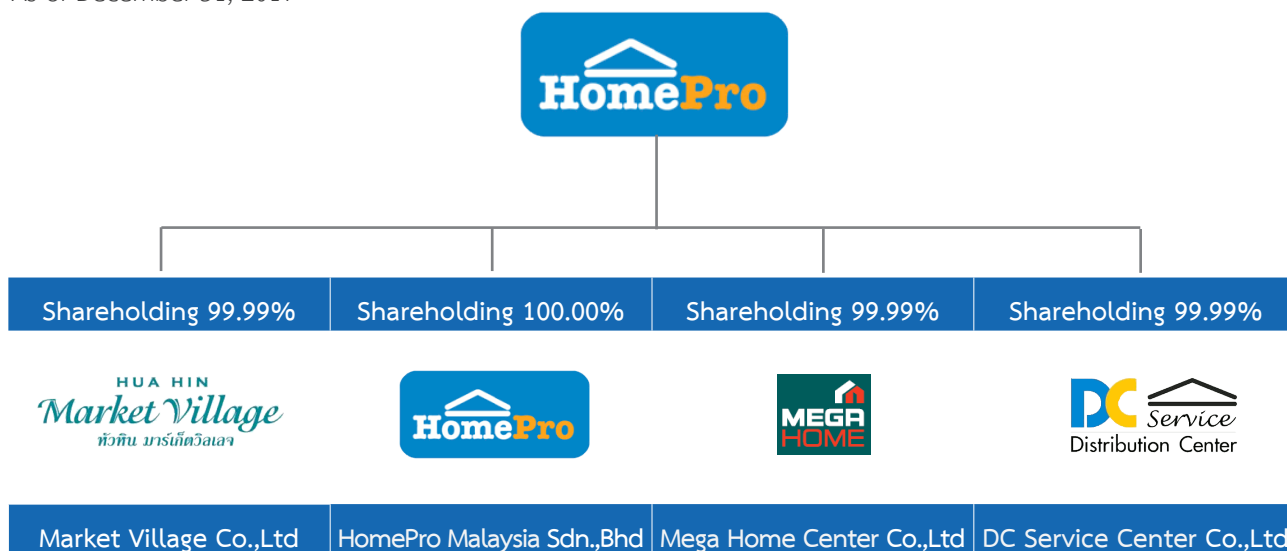
BF-10, Basement Floor, Paradigm Mall Johor Bahru, Jalan Skudai, 81200 Johor Bahru, Malaysia

Information of Referrals	
Auditor	EY Office Limited 33 rd Floor, Lake Rajada Office Complex, 193/136-137 Ratchadaphisek Rd., Klongtoey, Bangkok 10110 Tel. +662 265 0777 Fax. +662 264 0789-90
Legal Counsel	Wissen & Co Ltd. 8 th Floor Office # 3801, BB Building, 54 Sukhumvit 21 (Asoke) Rd., Klongtoey-Nua, Wattana, Bangkok 10110 Tel. +662 259 2627 Fax. +662 259 2630
Credit Rating and Debenture Rating Company	TRIS Rating Co., Ltd. 24 th Floor, Silom Complex Building, 191 Silom Road, Silom Sub-District, Bangrak, Bangkok 10500 Tel. +662 231 3011 Fax. +662 231 3012
Share Registrar	Thailand Securities Depository Co., Ltd. 14 th Floor, Stock Exchange of Thailand, 93 Ratchadaphisek Rd., Dindaeng, Bangrak, 10500 Tel. +662 099 9999 Fax. +662 099 9001
Bond Registrar	CIMB Thai Bank Plc. 44 Langsuan Rd., Lumpini, Patumwan, Bangkok 10330 Tel. +662 626 7000 Fax. +662 657 3333 The Unsubordinated and Unsecured Debentures of Home Product Center Plc. 1/2015 The Unsubordinated and Unsecured Debentures of Home Product Center Plc. 1/2016 The Unsubordinated and Unsecured Debentures of Home Product Center Plc. 2/2016 The Unsubordinated and Unsecured Debentures of Home Product Center Plc. 1/2017 Bank of Ayudhya Plc. 1222 Rama III Rd., Bang Phong Pang, Yannawa, Bangkok 10120 Tel. +662 269 2000 Fax. +662 626 7542 The Unsubordinated and Unsecured Debentures of Home Product Center Plc. 5/2014 Siam Commercial Bank Plc. 9 Ratchadaphisek Rd., Jatujak, Bangkok 10900 Tel. +662 256 1000 Fax. +662 937 7783 The Unsubordinated and Unsecured Debentures of Home Product Center Plc. 2/2015

Nature of Business

The Structure of Business Group

As of December 31, 2017



Home Product Center Company Limited was established on June 27, 1995 as a joint venture between Land and Houses Public Company Limited and Quality Houses Public Company Limited. The Company was transformed into a public company since May 29, 2001 with the initial registered capital of Baht 150 million, and listed on the Stock Exchange of Thailand since October 30, 2001.

As of December 31, 2017, the Company opened 1 new store at Lotus Bangkhuae and 1 of the new business model under the name “HomePro S” at Gateway Ekamai. Also, two HomePro Living stores at The Paseo Ladkrabang and Terminal Korat have been converted to HomePro S. For subsidiaries, the Company opened 1 Mega Home store in Chiang Rai and added 4 more HomePro Malaysia stores in Melaka, Penang, Ipoh, and Johor Bahru. At the end of the year, the Company has a total of 81 HomePro stores, 3 HomePro S stores, 12 Mega Home stores and 6 HomePro Malaysia stores. The objective of continuous new store expansion is to achieve the economy of scale and to reach more customers in different areas.

In addition, the launch of a new business model (HomePro S) is designed to meet all customers’ demand e.g. easy access to HomePro shop under the concept of “Small” - a compact style, easier to make purchases, and located in shopping centers or community malls; “Select” - wide range of products to match the needs of customers for repair, improvement and replacement; and “Service” - home service by professional HomePro teams.

Nature of Business of the Company

The Company was established with the objective to operate a retail business in home improvement segment by offering products and complete range of services relating to construction, extension, refurbishment, renovation, Home Makeover and improvement of buildings, houses, and residential places through One Stop Shopping Home Center, under the trade name of “HomePro” which is the Company’s trademark. In the present, the nature of business of the Company is as follows:

1. Home Improvement Retailing

1.1 Product Category: 2 groups of merchandise categories as follows:

Hard Line : Tools, Paint, Home Improvement, Bathroom and Sanitary Ware, Kitchen, Home Appliances and Electrical Equipment

Soft Line : Bedding, Home Textiles, Furniture, Lighting, Household Decorative Products, and Household Accessories

1.2 Services relating to retail business

Since most of the Company's products already have instruction details and user manuals available to customers, the Company offers related services by providing consultation and useful information, for customers to make the decision to buy products that match their needs the most. In addition, the Company provides "Home Service" that includes 3D Design and the following services:

1. Installation / Relocation / Solution
(Installation Service)
2. Check-up / Cleaning / Appliance maintenance
(Maintenance Service)
3. Home Improvement / furnishing
(Home Improvement Service)

The Company has developed a new service concept called Home Service Card under a prepaid format, to provide more convenience to cardholders who use Home Service. Card holders will receive various privileges e.g. urgently call in a technician (Fast Lane) within 2 hours during 8.00 - 18.00PM., and emergency service assistance such as fixing of power outage electric short, broken down water pump, broken pipe

Furthermore, HomePro also provides technician and contractor services, product exchange and return, arranges DIY demonstration (Do It Yourself) as well as workshop activities for customers

2. Space Rental Service for Retail Tenants

The Company provides available space in some HomePro Stores for retail tenants to rent. At the same time, the Company has developed a store format called "Market Village" which operates as a full-service shopping center. Inside the project, in addition to HomePro store, there is a shopping center in which most tenants are supermarkets, restaurants, banks, bookstores, and IT shops etc.

As of December 31, 2017, the Company has a total of 4 stores under Market Village format: Suvannabhumi, Hua-Hin, Phuket-Chalong and Ratchapruk.

Nature of Subsidiary Businesses

1. Market Village Co., Ltd.

was incorporated on May 26, 2005 with the objective to manage rental space and to provide facility services to tenants. In the first quarter of 2006, Market Village commenced its first operation with "Hua-Hin Market Village" project, located on Petchkasem Road, Amphoe Hua-Hin, Prachaubkirikhan.

2. Home Product Center (Malaysia) Sdn. Bhd.

was incorporated on July 28, 2011 with the objective to operate a retail business in home improvement segment in Malaysia. At the end of 2017, the Company operates 6 HomePro Stores in Malaysia.

3. Mega Home Center Co., Ltd.

was incorporated on July 4, 2012 with the objective to operate a retail and wholesale business in construction and home improvement products. At the end of 2017, the Company operates 12 MegaHome stores.

4. DC Service Center Co., Ltd.

was incorporated on September 4, 2013 with the objective to operate business of warehousing and distribution of goods.

Revenue Structure

Revenue of the Company and its subsidiaries consist of sales revenue and other income. Overall revenue structure can be classified as follows:

Unit: Million Baht

Item	2017		2016		2015	
	Amount	%	Amount	%	Amount	%
1. Revenue from retailing						
- Hard Line	42,137.4	65.6	40,700.2	66.6	39,108.8	69.5
- Soft Line	9,931.3	15.5	9,314.5	15.2	8,580.0	15.3
2. Revenue from project sales ¹	145.2	0.2	381.9	0.6	343.2	0.6
3. Revenue from subsidiaries	7,674.4	11.9	6,531.8	10.7	4,480.7	8.0
Total Revenue from Sales	59,888.3	93.2	56,928.4	93.1	52,512.7	93.4
4. Other income ²	4,346.2	6.8	4,215.7	6.9	3,730.5	6.6
Total	64,234.5	100.0	61,114.1	100.0	56,243.2	100.0

Remarks: 1. Revenue from project sales cannot be categorized by product line.

2. Other income includes revenue from space rental, in-store promotion fee, Home Service Fee etc.

Product Sourcing

The Company sources products by:

1. Purchase order:

The Company makes the purchase of products, separate by product category, from both local and oversea manufacturers and distributors. The Company emphasizes on quality and variety of products.

2. Make to order:

The Company orders the production of Private Brands from both local and overseas manufacturers. The Company initially selects manufacturer by considering the certification of manufacturing standard, reputation, quality of service and consistent operation. Moreover, the Company also pays regular visit to factories and inspects products to ensure overall quality.

Currently, the Company sources products from more than 1,230 manufacturers and distributors. The Company offers the channel for vendors to introduce their new products. Selection process is conducted by evaluating 6 aspects of Vendor's Service Level: Ability to Produce, Ability to Control Quality, Risk Management, Product Quality Audit, Warehouse Management, and Quality of

Delivery. Over the years, manufacturers and the Company effectively coordinated and supported each other in advertising, public relations, sales promotion, business planning, and new store openings.

Market and Competitive Condition

The Company classifies other businesses who offer similar products as follows:

1. Home Center

- **HomeWorks** is a retail business unit offering home related products, operated by Central Retail Corporation Group. At the end of 2017, there are 4 stores in operation.
- **Thai Watsadu** is a retail business unit offering construction materials, home improvement goods and equipment in form of warehouse store, operated by Central Retail Corporation Group. At the end of 2017, there are 43 stores in operation.
- **Global House** operates warehouse store business offering construction materials, tools for construction, extension and decoration of home and garden. Managed by the Siam Global House Plc. At the end of 2017, there are 55 stores in operation.

- **Do Home** operates warehouse store business offering construction materials, tools and construction equipment. Managed by Do Home Co., Ltd. At the end of 2017, there are 8 stores in operation.

The increasing urbanization, expansion of real estate market, and continuous improvement of standard of living, contribute to the rise in demand for home improvement products in both Bangkok and Upcountry. In addition, the increase in private and government infrastructure investments also plays a key role in the expansion of property markets all over the country.

The Company believes that there are still potential in this business and plenty of opportunities in the market. The increasing number of competitors in this business will help stimulate consumer's awareness and rapidly change their behavior to purchase more products from Modern Trade home centers.

2. Specialty Store

Retail businesses that focus on offering specific goods which may indirectly compete with the Company in some product categories as follows:

- Ceramic, Sanitary ware, and Kitchenware stores e.g. Boonthavorn, Grand Home Mart
- Furniture and Home decoration stores e.g. Index Living Mall, IKEA
- Retail stores that sell only construction materials e.g. Cement Thai Home Mart.
- Other Specialty Stores.

3. Operators of Large Retail Business in Hypermarket

These businesses mainly aim at selling consumer goods and food, not home improvement products. While some groups of products offered may overlap, their main customer targets are different.

[illegible]

- Board of Directors and Audit Committee

- Determining Level of Risk in Business

- Risk Management Committee

- Risk Management Process

54

- **Building Risk Management Culture in the Organization**
The Company recognized that the corporate culture is one of the key successes in risk management including tone of the top by enhancing corporate culture (Think and Act as HomePro) to consider risk management and uses it in action by having same understanding, defining acceptable risk and having the same risk assessment practice. In addition, risk management is also requisite in performance evaluation of the management and employees. There is the development of training materials in the form of Digital Learning to broadly raise awareness of the risk management for employees.

In 2017, the Company continues to operate under the stated risk management policy which aligns with the business direction according to the international standards. The Company focuses on the 4 perspectives of risk management, including strategy, operation, finance and regulations. The details are as follow:

1. Strategic Risk

The risks relating to the operational policies of the Company, economy, investment, and competition.

1.1 Economic Volatility

In the first half of 2017, Thai economy still remained sluggish due to weak purchasing power and lack of government support while in the second half, there was positive trend driven by the export sector which recovered according to trading partners' economies. The industrial and tourism expansion increased purchasing power of the consumers in major cities. However, consumers' spending in some provinces still decelerated from the declining of farmers' income in the first half. This is a result of low price of agricultural products. The government had been trying to stimulate the economy and revive consumer confidence by launching many measures such as "Shopping for The Nation" which was held for the third consecutive year during November to early December.

As the Company considered the risks above, the investment policy of branch expansion was formed to reduce the risk that the operations would not meet the target. Moreover, the internal working processes and activities supporting the Lean Management were also focused to minimize the overall costs. In addition, the Company has monitored the performance of the branches and develop a marketing plan, organize promotional activities with partners such as credit cards, government organizations, and suppliers. Also, include marketing activities to attract customers to spend.

1.2 Domestic Investment

As of December 31, 2017, the Company operated the stores under "HomePro" and "HomePro S" totally 84 stores nationwide. Two new stores opened in 2017 including Lotus Bangkai and Gateway Ekamai. For "Mega Home" business, it operated 12 stores with one store opened in 2017 including Chiang Rai.

In addition, the "HomePro S" business model is designed to meet all customer needs. It allows customer to easily access HomePro store by the concept of "Small" which is a form of compact shop, convenient in shopping and mainly located in department store or community mall. The concept of "Select" is from product selection that meets the needs of customers. Lastly, "Service" which is a home service by the quality teams of HomePro. Currently, there are 3 stores of HomePro S.

As the Company has planned to continuously expand its stores, there could be risks relating to the operations of new stores, which would not be as targeted and could impact the overall performance of the Company. The Company then managed such risks by analyzing the return on investment before making an investment decision. Moreover, the operational plan and annual budget were set up to control operations of stores as well as monitoring their performances

and progress every month for the Company to be able to plan for the risk management and solve problems that might occur in a timely manner.

1.3 Foreign Investments

The Company had begun to invest abroad with its first store in Malaysia. This was determined by the availability in many aspects such as the purchasing power of consumers, lifestyles, transportation system, and infrastructure. The Company launched its first store at IOI City Mall shopping center in Kuala Lumpur in late 2014 with the official opening in January 2015 and the second store was opened in Greater Kuala Lumpur at Summit USJ late 2016. In 2017, the Company opened 4 new stores including Melaka, Penang, Ipoh and Johor Baru to achieve the economy of scale and create brand awareness. The stores opened in 2017, were mainly located in major cities in addition to Kuala Lumpur, the capital of Malaysia.

The Company still planned to invest in abroad to enhance the current business and increase opportunities for long-term growth. The Company managed risks relating to foreign investments by studying and analyzing on the market, laws, taxes, regulations on foreign investment promotion, the governmental policy, and other factors in order to assess impacts and likelihood that the risk could arise in which they would help the consideration of investment plans. Moreover, the Company arranged the system and internal team to monitor performances and develop the Company's capabilities and personnel's potential development.

1.4 Competition

In recent years, the business relating to home products had been continuously expanding due to the change in consumer behavior to purchase products from Modern Trade and have the urban lifestyle as well as the expansion of real estate sector in all regions. As a result, each player in

this business had accelerated its branch expansion to cover the market's demand. However, business relating to home products has different target groups which can be divided into home owners group who has purchasing power and professionals and contractors group. At present, the Company focuses mainly on home owners group who has high purchasing power.

The Company managed risks through diversification by focusing on product differentiation and complete range of services such as "Home Service" - installation, checkup, electrical appliance maintenance, home decoration, 3D design, "Home Makeover" - full home renovation service with GPS "Tracking Service" for tracking delivery status and installation quality. In addition, the Company aims to enhance the efficiency of internal management, economy of scale and increase capability of employees in order to gain the competitive edge.

In addition, technological change affects the lifestyle of the consumers. Especially the online shopping, retailers have to adapt and change their strategies to keep revenue along with the changing environment. To manage such risks, the Company has developed an online ordering and upgrade to Omni-Channel platform in the future that is up-to-date, easy to use, and more accessible to consumers, including close monitoring measures to ensure that customers are satisfied with the good shopping experience and services.

1.5 Risk of Shareholder's Right and Investment

Land and Houses Public Company Limited was the major and only shareholder holding shares more than 25%. As of September 13, 2017, it held 3,975,878,432 of the Company's shares, accounting for 30.23% of paid-up capital leading to its controlling power to control votes in the shareholders' meeting except a resolution prescribed by laws or the Articles of Association that it shall be passed by the votes not less than

three-fourths of the total number of votes of shareholders who attend and are entitled to the voting right at the Meeting.

Nevertheless, the Company was required to operate in accordance with the Code of Conduct and good corporate governance as well as legal requirements to protect the rights of shareholders and stakeholders and control the Company's operations to be transparent and verifiable.

2. Operational Risk

The risk relating to the operation system, the readiness of information system, and personnel.

2.1 Personnel Loss

"Personnel" was considered as a key factor of business operations of the Company including since the processes of recruitment, and understanding the nature of business, scope of work and responsibilities of staff in all levels. For employees in the operational level, prior to start working, they would be provided the basic training of retail business, knowledge of product details and information system usage, and working procedures. For employees in management level, the proper management training programs would be provided to develop their capabilities. In a highly competitive business environment, the Company could have the risk of loss of skilled personnel to the competitors or other retail businesses. Therefore, the Company attempted to reduce such risk by developing abilities and skills of employees along with promoting all level for the mutual benefits as well as using technology and modern management system in operation to increase efficiency and reduce labor. Furthermore, the Company paid attention to employees and provided them the welfares, and arranged various projects to build their happiness and stability as well as created good relationship between employees and the Company such as:

- Creating the good working atmosphere and culture focusing on innovation
- Suk Jai Klai Baan" (happy home town) project to offer opportunities for employees to relocate to work at branches in or nearby their hometown
- Employee Joint Investment Program (EJIP)
- Scholarships for bachelor's degree and master's degree
- Succession Planning for key positions
- Talent Management
- Management trainee programs
- Knowledge Development via Digital Training

In addition, to supervise and monitor the manpower of every department to be sufficient and aligned with future business expansion. Human Resource Management at both organization and store level have developed Personnel Development Plan to increase capacity and capability to suit the task in order to enhance the employee to be ready to dedicate and innovate good work for the organization.

2.2 Efficiency of Information System

The Company uses the information and communication technology system to manage information. The system will link to the program from the point of sale, and the data retrieved from such program would be used for the analysis of the operating results. However, the risk could arise when there was a problem of such program or data leakage.

Therefore, the Company focuses on information management to be accurate, reliable and up-to-date for any decision making as well as values in information security and disclosure. The Company has taken measures to prevent and manage the risk of cyberattack from outside source or from employees within the Company itself. Such that the Company has screened and designated the authorization only to access, process, and distribute information for related persons. In addition, the Company also sets up

the Disaster Recovery Plan (DRP) to support when the system was broken down with the annually rehearsal, setting up the plan to verify the working system along with staff who will monitor and solve when problems occurred. This also includes continuous development of hardware and software to be up-to-date and ready in response to new cybercrimes and prevent unauthorized access.

2.3 Product Loss

The product loss is one of the top risks for retail business in which it would be mainly due to frauds by the criminals mixed with customers and employees, the loss during transportation process, and the failure of internal management system.

To manage such risk, the Company has Loss Prevention department to plan and prevent the loss of Company's asset by working together with related inter-department to determine Operating Procedure and mitigate the loss at the lowest level.

2.4 Inventory Management

As of December 31, 2017, 2016, and 2015, the Company had the net inventory of Baht 10,342.99 million, Baht 9,671.54 million, and Baht 8,364.76 million, respectively. The increase of inventory was caused by the adjustment to align with sale volumes and the increase of branches. The average inventory turnover was at 83 days, 78 days, and 77 days, respectively.

The Company has a distribution center located on the Company's proprietary land at Wang Noi, Ayutthaya. It is the strategic location connected to main roads such as Phaholyothin Road which connected to Bangkok on the inbound side and connected to the Eastern region on the outbound, Asian Highway to North East, and Outer Ring Road to the East and the West which can deliver products on time and reduce lack of

stock (Supply Chain Disruption). In addition, there is a plan to expand area of distribution center to efficiently manage stock and can supply for future store expansion; including investing in Automated Storage and Retrieval System (ASRS) which provides accuracy and rapidity in inventory, safety to products and support domestic and international expansion.

2.5 Procurement

The risk relating to product volumes and prices was the major risk for retail business. Therefore, the Company sourced and purchased products domestically and internationally, but most of them were from domestic manufacturers and agents. The Company would plan to purchase products in advance in order to have sufficient products to sell at all time and had the specific team to do the product survey and select the certified manufacturers that could develop the product quality and constantly have the product replacement.

Moreover, the Company had the policy regarding sourcing and purchasing products from many selected manufacturers and agents to reduce the risk that might occur when relying on only one supplier and balance volume and price bargaining power in the long term.

2.6 Anti-Corruption

The Company prioritizes moral and ethics in its operation and refuses to tolerate any act that may lead to dishonesty and corruption, even if the act is beneficial to the Company. For HomePro, corruption refers to any kind of bribery including calling for bribe, offering or promising to offer bribe, extortion, offering benefits in terms of money, property or other inappropriate offers to a government official, private party or related authorized person, both directly and indirectly, in order to gain or maintain the business or other benefits that are not appropriate for the business. For instance,

misappropriating assets, distorting financial and non-financial reports, seeking, demanding or accepting gifts from business associates.

The Company has measures to prevent corruption and reduce the risk of corruption within the organization. The measures start with the anti-corruption policy and gift-refusing policy. Both policies have been informed to all stakeholders of the company. The evaluation of corruption risk, the design and execution of internal control, and the creation of moral and values among employees are crucial to the Company's goal to prevent corruption. More details on anti-corruption policies and measures can be found on the Company's website under "Investor Relations", "Corporate Governance" topic. More details are also available on page 84.

3. Financial Risk

The consideration of sourcing for the proper sources of funds for the business operation, foreign exchange rates, and investments of the Company.

3.1 Account Receivable

The Company divided its customers into 2 groups, retail customers and contractors/project owners. Retail customers were the ones whose sales basically based on cash. Meanwhile, contractors/project owners were the ones whose sales were in large volumes and based on the credit term, and the main customers were retail customers. The main proportion of sales came from retail customer. For sales in credit term, the Company would consider only projects with good financial positions by investigating their operating results and financial positions; otherwise, contractors must place the guarantee for debt repayment.

As of December 31, 2017, 2016 and 2015, the Company had account receivables of Baht 160.72 million, Baht 337.93 million and Baht

302.72 million, respectively. They were mainly trade receivables from sales of projects and sales through credit card. Moreover in 2017, there was the allowance for doubtful accounts at the amount of Baht 3.06 million increasing from Baht 2.75 million and Baht 2.64 million in 2016 and 2017. However, the management had assessed the term of repayment and financial positions of each individual debtor; hence, the allowance for doubtful accounts would be proper and adequate.

For other receivables, as of December 31, 2017, most of them were from sales promotions, and space leasing and related services, amounting to Baht 1,623.61 million, and Baht 28.46 million for the allowance for doubtful accounts.

3.2 Loan Covenant / Bond Issuance

The change in interest rate also had an impact on business operations relying on external funds. In the previous year, the trend of interest rate and inflation were low so that the Company's financial risk was still relatively low as well. Moreover, the management had the mechanism for the financial management by analyzing and considering the cost of investment through various funding instruments such as cash flows, loans from banks, and bond issuance. This would help the Company to balance the cost of investment for the investment structure of each asset type and to comply with the Company's policy.

As of December 31, 2017, the Company had the long-term debt amounting to Baht 511.17 million from domestic financial institutions and outstanding bonds amounting to Baht 14,200.00 million which were due from 2018 to 2020. The Company had committed to the bond holders in order to maintain financial debt to equity (D/E) ratio not exceeding 2.5 times for bonds issued since 2013. Moreover, the Company's D/E ratio was 0.81 times as of December 31, 2017.

3.3 Exchange Rate

The Company and subsidiaries may face exchange rate risk from purchasing products from foreign countries as well as the expansion of international investment. For international expansion, the impact is caused by currency conversion of the Financial Statement and the investment itself that needs to be made in foreign currency.

However, for the purchasing of foreign products, the Company has already hedged against exchange rate risk by making trade agreement for foreign currencies in advance and use the agreement as the tool to manage the risk.

4. Compliance Risk

The consideration of domestic and international legal restriction of business.

4.1 Town and Country Planning Act

The Town and Country Planning Act has the objectives to be the guidance on the national development and to support the city expansion in the future. If there shall be modification of the town planning in the future, the Company will not be affected from this Act, as the Company had put its investment to cover areas in major cities of almost all provinces. On the other hand, it is being seen as a restriction on business expansion of competitor.

4.2 The Trade Competition Act

The Trade Competition Commission has been revised in the year 2017 to prohibit monopoly and unfair trading as follow:

1. Unfairly fixing or maintaining sale or purchase price of good and service.
2. Fixing unfair condition to business partners to limit provision of service, product, buying or selling of goods, or to limit opportunity to have options to buy or sell of goods, to receive or provide service or to acquire credit facility from other bussiness operators.

3. Stop, decrease or limit provision of service, production, buying, selling, delivering and importing into the country without appropriate reason, destory or damage goods, provided that such is to reduce supply to be lower than market demand.
4. Intervene business operation of others without appropriate reason.

The revisions have no effect to the Company's operation since the Company has been fairly treated its business partners and has complied with agreements made between the parties.

4.3 Industrial Product Standards Act 2511

Regarding the free flow of trade in the ASEAN community, it would increase imported products so that the government needed to set the measure to control and prevent danger to consumers from such imported products. One of the measures was the Decree setting the standard of imported products. For some products that could prior be imported without passing through the permission process of products standards, they then must be passed through such permission, so that would affect the Company in terms of inconvenience regarding the higher restrictions on imported products.

The Company recognizes the importance of product standards. The Company provides training and sets clear standards for responsible employees in order to ensure that they have the necessary knowledge and understanding of each product, and perform their tasks effectively. Moreover, there are officers who are solely responsible for inspecting local and imported products in order to make sure that the quality meet the standard obliged by the law.

Shareholding Structure

On the closing date as of September 23, 2017, the Company had registered capital in the total of 13,151,198,025 shares and paid-up capital in the total of 13,151,198,025 shares. The top ten shareholders consist of:

Rank	Name of natural person / Juristic Person	No. of Shares	% of Total Paid-Up Shares
1.	Land and Houses Public Company Limited	3,975,878,432	30.23
2.	Quality Houses Public Company Limited	2,613,023,098	19.87
3.	Mr. Niti Osathanuklor	621,415,762	4.73
4.	Thai NVDR Company Limited	554,382,701	4.22
5.	Social Security Office	459,597,912	3.49
6.	Mr.Manit Udomkunnatum	297,991,997	2.27
7.	AIA TH-EQ4-P	189,700,080	1.44
8.	CHASE NOMINEES LIMITED	170,295,132	1.29
9.	Sarasin Co., Ltd.	167,557,971	1.27
10.	Mr.Khunawut Thumpomkul	142,079,563	1.08

- Remark - As of September 13, 2017, free float rates of the Company was at 45.10% and holding by institutions was at 28.58%
- The first major shareholder, (1) Land and Houses Plc.; Mr.Anant Asavabhokin as major shareholder holds 23.93 of paid up capital (as of 28 August 2017)
 - The second major shareholder, (2) Quality Houses Plc.; Land and Houses Plc. as major shareholder holds 24.98 of paid up capital (as of 24 August 2017)

Foreign Limit

Foreign shareholders are capable to hold shares and appear their names on the Company's asset registration of totaling not exceeding 30% of the issued shares and paid up. As of December 29, 2017, the shares of the Company held by foreigner were approximately at 11.30%.

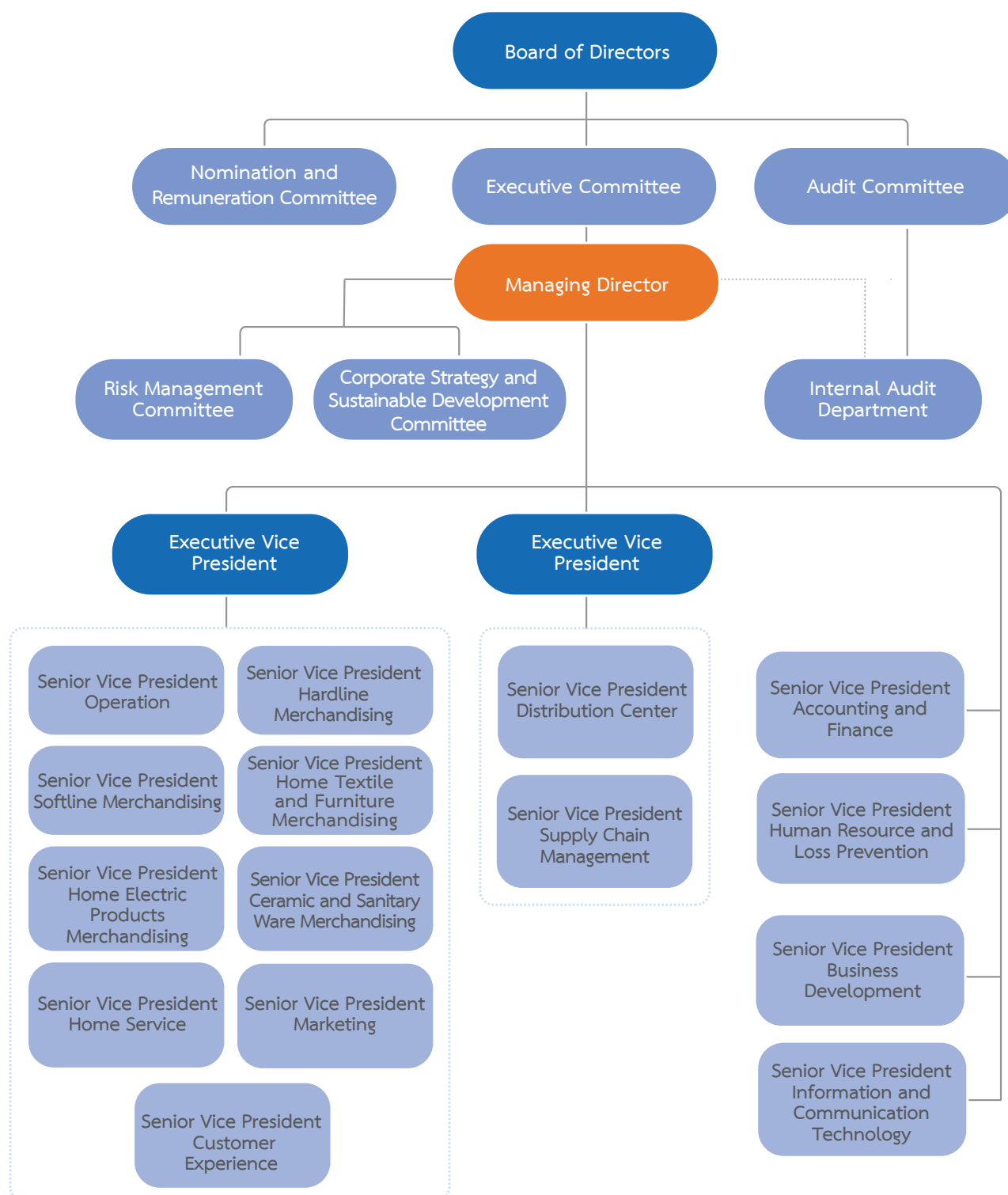
Directors who are representative of the group of major shareholders

As of December 31, 2017

Name - Surname	Representative of Shareholders	Position in HomePro
1. Mr. Naporn Sunthornchitcharoen	Land and Houses Plc.	Director
2. Mr. Achawin Asavabhokin	Land and Houses Plc.	Director
3. Ms. Suwanna Buddhaprasart	Quality Houses Plc.	Director
4. Mr. Chadchart Sittipunt	Quality Houses Plc.	Director

Organizational Chart

As of December 31, 2017



Management



The structure of Company's management consists of:

1. Board of Directors
 2. There are 3 sets of the Sub-Committees:
 - 2.1 Executive Committee
 - 2.2 Audit Committee
 - 2.3 Nomination and Remuneration Committee
 3. Corporate Strategic and Sustainable Development Committee
 4. Risk Management Committee
- Having details as follows:

1. The Board of Directors

The Board of Directors consists of 11 individuals including:

- There are 4 Independent Directors accounted more than one-third of the board members that are being independent from the management and major shareholders.
- 10 Non-executive Directors and 1 Managing Director
- Over the past 2 years, all directors have never been employed as an employee, become a shareholder or partner of EY Office Limited, which is an external audit firm of the Company and its subsidiaries.

List and position of the Board of Directors

Name – Surname		Position
1. Mr. Manit	Udomkunnatum	Director and Chairman of the Executive Director
2. Mr. Rutt	Phanijphand	Director, Executive Director and Chairman of the Nomination and Remuneration Committee
3. Mr. Boonsom	Lerdhirunwong	Chairman of the Audit Committee and Independent Director
4. Mr. Thaveevat	Thatiyamaneeekul	Independent Director and Audit Committee
5. Mr. Chanin	Roonsamram	Independent Director, Audit Committee and Nomination and Remuneration Committee
6. Mr. Pornwut	Sarasin	Independent Director
7. Mr. Naporn	Sunthornchitcharoen	Director, Executive Director and Nomination and Remuneration Committee
8. Mr. Khunawut	Thumpomkul	Director, Executive Director and Managing Director
9. Mr. Chadchart	Sittipunt	Director
10. Ms. Suwanna	Buddhaprasart	Director
11. Mr. Achawin	Asavabhokin	Director

Remarks : 1. Mr. Anant Asavabhokhin has resigned as Chairman on 22 May 2017.

2. Ms. Wannee Juntamongkol, Senior Vice President,-Accounting & Finance is the Company's secretary.

Authorised Signatory Directors on the Company

1. Mr. Manit Udomkunnatum
2. Mr. Chadchart Sittipunt
3. Mr. Naporn Sunthornchitcharoen
4. Ms. Suwanna Buddhaprasart
5. Mr. Khunawut Thumpomkul

Where 2 out of 5 Authorised Signatory Directors mutually signed their names simultaneously with the company seal.

Roles and Responsibilities of the Board of Directors

The delegation of authority is decided by the company board of directors. The authorisations and operations of the company and its subsidiaries are precisely and clearly stated accordingly to the business transactions. The division of authority encourages the dispersal of authority for decision-making in various levels of company operations throughout the company. The followings illustrate the delegation of authority's yearly framework, the yearly budget of every department, and also the policy of dividend payment.

1. The board of directors has the authority to deliberately administrate the company in accordance with the company's objectives and regulations, the shareholders' meeting resolution, and the law with fiduciary and care of Company's interest.
2. The board of directors determines the company's visions, missions, and operating directions.

The company policy will be implemented by the management efficiently and effectively in order to maximise the highest value for the company and its shareholders.

3. The board of directors has the authority to appoint a certain number of directors to be a sub-committee which comprises of executive directors, nomination and remuneration committees, audit committee and other sub-committees depending on the situation and the suitability. Having the specific number of directors allows the board of directors to efficiently perform their assigned tasks.
4. The board of directors may appoint one or more individuals to perform their assigned tasks; any action, thus, can be done only under the control of the board of directors. The board of directors may assign authority to any individual whom deems as appropriate. However, at any reasonable time, the board of directors may revoke, withdraw, or amend the assigned authority.
5. The board of directors has the authority to acknowledge and approve any operating goals; as well as, to evaluate the performance of the sub-committee, chairman of sub-committee, specific-purpose committee, and managing director.
6. The board of directors is required to hold a meeting at least once in every 3 months.
7. The board of directors must not run the similar business as the company nor attempt to compete

against the company business. The board directors is not allowed to be in the ordinary partnership, limited partnership nor is a director of any private company or any company with a similar business as the company. These constraints must not be carried out either for one's benefits or others; unless such has been notified to the shareholder's meeting prior to the resolution of the appointment.

8. The decision-making on high value investment must only comply with the laws and regulations of the Securities and Exchange Commission (SEC) and the Stock exchange of Thailand (SET).
9. The board of directors must manage and govern the company's operation with morality. The board of directors must closely supervise the stakeholders in order to avoid any conflict of interests.
10. The board of directors must immediately notify the company if the individual has any interest either from company contracts, company's share, or debentures of the company or its subsidiaries.
11. Any director who has any interest mentioned factors (from topic 10) will have no right to vote on such matter.
12. The board of director has the authority to arrange the appropriate assessment process for internal control and internal audit for its efficiency and effectiveness.
13. The board of directors must inclusively set out the risk management guideline and supervise the executives to have efficient and effective system and process in risk management.
14. If the votes are equal, the Chairman will have a casting vote.

Roles and Responsibilities of Chairman

1. Ensure effective operation of the Board and its committees in conformity with the highest standards of corporate governance.
2. Ensure effective communication with shareholders, host governments and other relevant constituencies and that the views of these groups are understood by the Board.
3. Set the agenda, style and tone of Board discussions to promote constructive debate and effective decision-making.
4. Ensure that all Board committees are properly established, composed, operated and build

an effective sub-committee that can support the Company operation.

5. Ensure comprehensive orientation programs for new directors and updates for all directors as and when necessary.
6. Support the Managing Director in the development of strategy and, more broadly, to support and advise the Managing Director.
7. Promote effective relationships and communications between non-executive directors and members of the Executive Directors.

Independent Director

"Independent Director" means the director, who is independent in expressing his opinion to the operation of the Company, must be a person who has no involvement or interest to the result of operation either directly or indirectly.

There are 4 independent directors of the Company which consists of:

Name – Surname		Position
1. Mr. Boonsom	Lerdirunwong	Independent Director
2. Mr. Thaveevat	Thatiyamaneeekul	Independent Director
3. Mr. Chanin	Roonsamram	Independent Director
4. Mr. Pornwut	Sarasin	Independent Director

The company set the qualifications of the Independent Director above than the standards of the rules and regulations imposed by the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET). The details are as follows:

1. Hold share less than 0.5% of paid-up capital of the Company, associated company, joint company, including the shares held by the related individual.
2. Being independent either directly or indirectly in both areas, financial and management of the Company or joint company, subsidiaries, managers or major shareholders of the Company, and having no benefit or interest in such manner within 2 years before being appointed as the Independent Director, unless the Board of Director has carefully considered and see that such participation in having benefit or interest will not affect the duty performing and the independence in giving an opinion.

3. Must not be a Director who has been appointed as the representative to maintain the benefits of the Director of the Company, major shareholders, or shareholders who are related to the major shareholders of the Company.
4. Must not participate in management and must not be employee, staff or consultant who receives regular salary in the Company, associated company, joint company, or major shareholders of the Company.
5. Must not relate or relatives of the executive or major shareholders of the Company.
6. Capable to perform duty and express opinion or report the result of the performed duty as assigned by the Board of Directors, freely and not under control of the Executives or major shareholders of the Company, including related person or close relatives of such person.
7. No other characteristic that causes the inability to give opinion to the operation of the Company independently.

Terms of the Director of the Company

In every Annual General Meeting of Shareholders, one third of the Directors shall retire from the position; the Director who served the longest shall retire. Nevertheless, a retiring director is eligible for re-election. Apart from the retirement, the Directors may leave from his/her position in the event of:

1. Resignation
2. Death
3. Lack of qualifications or possess prohibited character under Section 68 of the Public Company Act B.E. 2535
4. The Shareholders Meeting resolved to dismiss under Section 76 of the Public Company Act B.E. 2535
5. Dismissal ordered by the Court

2. Sub - Committees

Sub - committees consist of 3 sets of directors: Executive Directors, Audit Committee, and Nomination and Remuneration Committee. Details are as follows:

2.1 Executive Committee

List and position of the Executive Committee

Name – Surname	Position
1. Mr. Manit Udomkunnatum	Chairman of the Executive Committee

2. Mr. Naporn Sunthomchitcharoen	Executive Director
3. Mr. Rutt Phanijphand	Executive Director
4. Mr. Khunawut Thumpomkul	Executive Director

Remark : Mr. Supachai Boonyavichit, Vice President - Finance is a secretary of the Executive Committee.

Roles and Responsibilities

1. To consider and screen the issue that requires primary decision making prior to be proposed to the Board of Directors' for approval.
2. To consider investment, branches expansion, annual budget allocation as well as proposing the strategic plan to the Board of Directors.

Terms of holding office

1. Executive Directors shall retire when
 - 1.1) Completion of term
 - 1.2) Leaving from being the Director of the Company
 - 1.3) Resignation
 - 1.4) Death
 - 1.5) The Board of Director has resolution to leave from the position.
2. In the event of resignation, the resignation letter must be submitted to the Chairman of the Company not less than 30 days in advance, which should be approved by the Board of Director.
3. In the event of an available position as a result other than by the expiration of the term, the Board of Directors shall appoint an individual who is qualified to be an Executive Director, in order to fill up the number of directors as stipulated in the regulations by the Board of Directors.

2.2 Audit Committee

List and position of the Audit Committees

Name - Surname	Position
1. Mr. Boonsom Lerdhirunwong	Chairman of the Audit Committee
2. Mr. Thaveevat Tatiyamaneekul	Audit Committee
3. Mr. Chanin Roonsamram	Audit Committee

Remark : Mr. Aryuratas Chai-anan, Vice President - Internal Audit is a secretary of the Audit Committee.

Roles and Responsibilities

1. Review the financial transactions of the Company so that it is accurate and complete according to the Generally Accepted Accounting Principle Standard with sufficient disclosure.

2. Review the internal control and the internal audit system of the Company in order to make it sufficient, appropriate, efficient, and effective.
3. Review the Company operations so that it is in compliance with good corporate governance policy and have appropriate, effective and efficient business ethics.
4. Review the Company operations so that it is in compliance with the laws regarding the securities and Stock Exchange of Thailand, regulations imposed by the Stock Exchange of Thailand, or laws applicable to the business of the Company.
5. Consider the related transactions or transactions that may have any conflict of interest and make those transactions to be in compliance with the relevant laws and regulations.
6. Review the Company's operations and ensure that it has an appropriate, effective and efficient risk management system as well as communicating with the Risk Management Committee in order to understand the risks that are important.
7. Jointly review and consider with the auditors on the financial report, remarks and suggestions.
8. Consider, select, nominate an individual, who is independent, to be in charge as an auditor of the Company, along with the consideration of the dismissal of the auditor and then propose the remuneration of the auditor to the Board of Directors of the Company.
9. Consider the independence of the internal audit department, along with the consideration of the appointment, relocation and termination of employment, which includes the evaluation of the annual performance of the chief of internal audit.
10. Monitor the internal audit department's operation in both areas, policy and working process, by considering the charter of internal audit office for approval.
11. Consider an annual internal audit plan for approval, as well as to consider the scope of audit, audit plan of internal audit department and the auditor of the Company, in order to have supportive relations.
12. Coordinate and ensure that the Audit Committee, Executives, Internal Auditor Department and External Auditor are on the same page. In addition to this, a follow up is done to ensure that the Executives operate in accordance with the suggestion sufficiently, effectively and timely manner.
13. Jointly review and consider with the internal audit department regarding the audit results, remarks and recommendations.
14. Review and amend the Audit Committee Charter once a year or when necessary in order to make it up-to-date and suitable with the organisational environment. Then propose this matter to the Board of Directors for approval.
15. Conduct examination on matters notified by the external auditor. In the case that the auditor finds any suspicious behavior that the director, manager or individual who is responsible for the operation of the Company may have committed an offence as stipulated in the Securities and Stock Exchange Act (No. 5) B.E. 2559, and report the preliminary results of the examination to the Office of the Securities Exchange Commission and auditor of the Company within 30 days from the date of receiving notification from the auditor.
16. Investigate clues or complaints by assuring the whistleblowers that the investigation procedure is independent and properly monitored. In this regard, the information provided by the whistleblowers and the matter informed will be kept confidential in order to prevent the right being violated.
17. Implement other matters as stipulated by law or as assigned by the Board of Directors as per the approval of the Audit Committee.
18. Arrange the Audit Committee's report and reveal the report in the Company's annual report, which such report must be signed by the Chairman of the Audit Committee and must contain the following information:
 - 18.1 Opinion on the accuracy, completeness, reliability of the financial report of the Company according to the Generally Accepted Accounting Principle and reveal important information sufficiently and on time.
 - 18.2 Opinion on the sufficiency of the internal control system of the Company.
 - 18.3 Opinion on practices complied with the laws of the securities and the Stock Exchange of Thailand and regulations of the Stock Exchange of Thailand or laws related to business of the Company.
 - 18.4 Opinion on transactions that may have conflict of interest.
 - 18.5 Opinion on the suitability of the external auditor.
 - 18.6 Number of the Audit Committee's meeting, and the number of meeting participants of each Audit Committee.

- 18.7 Overall opinion or remarks that the Audit Committee have performed in accordance with the charter.
- 18.8 Other matters that the shareholders and general investors should be informed, under the scope of duty and responsibility assigned by the Board of Directors of the Company.

Terms of holding office

1. The appointment of the Audit Committee should be for a period up to 3 years.
2. In the event of retiring from the position, such individual may be re-appointed.
3. Audit Committee shall leave from the position when:
 - 3.1 Completion of term
 - 3.2 Leave from being a director of the Company
 - 3.3 Resignation
 - 3.4 Death
 - 3.5 Lack of qualification to be an Audit Committee under these regulations or by the rules of the Stock Exchange of Thailand.
 - 3.6 The Board of Director has resolution to remove from the position.
4. In the event of resignation, the resignation letter must be submitted to the Chairman of the Company not less than 30 days in advance, the approval should be made by the Board of Directors who shall then send a copy of the resignation letter to the Stock of Exchange of Thailand.
5. In the event of an available position as a result other than the expiration of the term, the Board of Director shall appoint individual who is qualified to be an Audit Committee in order to fill up the number of Audit Committee as stipulated in regulations. Individuals that will be appointed as an Audit Committee shall be in position only for the remaining period of the former Audit Committee, and shall inform the Stock of Exchange of Thailand.

2.3 Nomination and Remuneration Committee

List and position of Nomination and Remuneration Committee

Name - Surname	Position
1. Mr. Rutt Phaniiphand	Chairman of the Nomination and Remuneration Committee
2. Mr. Chanin Roonsamram	Nomination and Remuneration Committee
3. Mr. Naporn Sunthornchitchaoren	Nomination and Remuneration Committee

Remark : Mr. Nitat Aroontippaitoon, Senior Vice President - Human Resource and Loss Prevention is a secretary of the Nomination and Remuneration Committee.

Roles and Responsibilities

1. Select individuals who deserve to be nominated as the new Directors, or search for a Managing Director.
2. Specify the selection of the directors or the managing director procedures and regulations to ensure the transparency.
3. Specify the remuneration and compensation procedures and criteria that is fair and reasonable to the Board of Directors and Sub-Committee appointed by the Board of Directors, and then propose to the Shareholders meeting for approval.
4. Consider and provide recommendation on the determination of the compensation and other benefits concerning duties and responsibilities of the Managing Director. Furthermore, the company takes into account the criteria for setting remuneration and the evaluation of the Managing Director's performance in order to determine the annual remuneration.
5. Evaluate the structure and regulations on remuneration, according to topic 3 and 4, as appropriate with personal's responsibility, company's performances, and market trend.
6. Consider the salary increase budget and annual rewards, along with welfare, structure and criteria related to the staff remuneration including other benefits obtained by personnel of the Company and its subsidiary.
7. Prepare the operational reporting and present to the Board of Directors at least once a year.
8. Determine the overall policy of Employee Stock Option Plan/ Employee Joint Investment plan as proposed by the Managing Director.
9. Perform other duties as assigned by the Board of Directors.

Terms of Nomination and Remuneration Committee

1. Nomination and Remuneration Committee shall leave from the position when
 - 1.1 Completion of term
 - 1.2 Leave from being a Director of the Company
 - 1.3 Resignation
 - 1.4 Death
 - 1.5 The Board of Director has resolution to remove from position
2. In the event of resignation, the resignation letter must be submitted to the Chairman of the Company of not less than 30 days in advance and must get an approval from the Board of Directors.
3. In the event of an available position as a result other than by the expiration of the term, the Board of Director shall appoint an individual who is qualified to be the Nomination and Remuneration Committee, in order to fill up the number as stipulated in the regulations by the Board of Directors.

3. Corporate strategy and Sustainable Development Committee

List and position of the Corporate Strategy and Sustainable Development Committee

Name – Surname	Position
1. Mr. Khunawut Thumpomkul	Chairman of the Corporate Strategy and Sustainable Development Committee
2. Mr. Weerapan Ungsumalee	Corporate Strategy and Sustainable Development Committee
3. Mr. Nat Jarlitchana	Corporate Strategy and Sustainable Development Committee
4. Mr. Vathunyu Visuthikosol	Corporate Strategy and Sustainable Development Committee
5. Ms. Siriwan Paimsethasin	Corporate Strategy and Sustainable Development Committee
6. Mr. Nitat Aroontippaitoon	Corporate Strategy and Sustainable Development Committee
7. Ms. Wannee Juntamongkol	Corporate Strategy and Sustainable Development Committee
8. Mr. Chaiyuth Karunyasopon	Corporate Strategy and Sustainable Development Committee
9. Ms. Sudapa Chamod	Corporate Strategy and Sustainable Development Committee
10. Mr. Nopadon Phiwklaiang	Corporate Strategy and Sustainable Development Committee

Remark : Mr. Rakpong Aroonwatdhana, Vice President - Budget and Planning Strategy is a secretary of the Executive Committee.

Roles and Responsibilities

1. Set out and review the company policy, strategy, objective and sustainable development goals.
2. Supervise, advise, support, promote and review the operation of sustainable development of the company for practical use.
3. Strike a balance between operation, taking care of the environment and providing a better quality of life for the local communities.
4. Monitor the results from the operation conducted by the business that involves taking Sustainable Development into consideration and report the results to the stakeholders.

4. Risk Management Committee

comprises of Managing Director who is also one of the member of the Board of Directors of the company as well as the representatives from the Company's major departments or Risk Owner of specific department. Apart from this, the director also coordinates with the internal audit department. The supervisory authorities are as follows:

Name – Surname	Position
1. Mr. Khunawut Thumpomkul	Managing Director and Chairman of the Risk Management Committee
2. Ms. Wannee Juntamongkol	Accounting and Finance representative
3. Mr. Weerapun Ungsumalee	Operation representative
4. Ms. Pomsook Damrongsiri	Supply Chain representative
5. Ms. Siriwan Paimsethasin	Merchandising representative
6. Mr. Nitat Aroontippaitoon	Human Resource and Loss Prevention representative
7. Ms. Sudapa Chamod	Information and Communication Technology representative

Remark : Mr. Aryuratas Chai-anan, Vice President - Internal Audit is a secretary of the Risk Management Committee.

Roles and Responsibilities

1. Draft the policy and risk management framework of the company and prepare risk management system manual to seek endorsement from the Board of Directors.
2. Consider and provide advice to determine the acceptable risk level (risk appetite) of the Company.
3. Assess the risk of the Company. Define the procedures to eliminate risk and defining the risk management plan and procedures for the entire organisation.
4. Report significant risks, including risk status and the progress in dealing with such risks to the Board of Directors at least once per quarter.
5. Provide support to ensure that risk management procedures will be successfully implemented as well as providing preventive measures to reduce risk to an acceptable level and to promote continuous improvement of business workflows and risk management procedures.
6. Monitor the performance to ensure that the business operation follows the Company's guidelines with sufficient and appropriate risk control mechanism.
7. Review the risk management policy at least annually to ensure that risk management procedures are up-to-date and appropriately cover the overall business operation.

5. Company Secretary

On 20 March 2008, the Board of Directors has resolution to appoint Ms. Wannee Juntamongkol as the Company Secretary in order to comply with the "Securities and Stock Exchange Act B.E. 2551" and subsequently revised in B.E. 2559 (5th issue). The Company has already informed the name and the location where the company kept the documents to the Securities and Exchange Commission on 26th August 2008.

Company Secretary Profile

Ms. Wannee Juntamongkol (53 years old)

- Senior Vice President - Accounting and Finance

Highest Level of Education

- B.A., Accounting, Faculty of Commerce and Accountancy of Chulalongkorn University
- MBA, Sasin Graduate Institute of Business Administration of Chulalongkorn University

Training

- 2017 - Director Accreditation Program class 140/2017
- 2016 - Capital Market Academy class 22
- 2008 - Laws and regulations of the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET) Program for the Company Secretary by Faculty of Law of Chulalongkorn University
- 2005 - Company Secretary Program, Institute of Directors Association (IOD)

Authority of Secretary of the Company

1. Facilitate activities organised by the Board of Directors.
2. Follow up and coordinate with the relevant person in order to be in compliance with the resolution of the Board of Directors and that of the shareholder meeting, and closely report the result of such operation.
3. Arrange schedules of the Board of Directors meeting and Sub-Committees meetings, including conducting the Board of Directors meeting and shareholder meeting.
4. Prepare and maintain the documents as follows:
 - Director registration.
 - The Board of Directors meeting invitation, the Board of Directors Meeting minutes, and the company's annual report.
 - Shareholders Meeting invitation and the Shareholders Meeting minutes.
5. Maintain the report on conflicts of interest that has been reported by the directors or the executives and summarise those matters that are under the director's authority.
6. Coordinate with relevant organisation such as the Securities and Exchange Commission, and ensure that all the relevant information to the company is disclosed, and is reported to the relevant department and the public accurately and transparently.
7. Giving legal advices and related regulations that are relevant to the business as well as the principles of Good Corporate Governance to the Board of Directors and the Sub-Committees in accordance with the laws and Good Corporate Governance.

8. Manage other matters as stipulated by the Capital Market Supervisory Board.
9. Conduct the Board Orientation Program and give advice when there is an appointment of a new director.
10. Regularly monitor and ensure that the Board of Directors take into account any opinion given by the shareholders.
11. Provide information and advice regarding the main issues on Corporate Social Responsibilities that is monitored by the Board of Directors.
12. Perform other duties as assigned by the Board of Directors.

6. Selection of Directors and Managing Director

The Company appointed the Nomination and Remuneration Committee, which consists of 1 Independent Director from totaling of 3 individuals, to determine selection of an appropriate individual in accordance with the Company policy to be nominated as the Director or Sub-committees, by the following methods:

1. Open opportunity for the shareholders to participate in the nomination of candidates to be elected as directors in advance. The voting was held from 13 October 2016 to 13 January 2017 and will be announced through the system of the Stock Exchange of Thailand under the News section and the Company's website with the procedure details. In 2017, none of the shareholders has nominated any candidate to be elected as a director.
2. The consideration came from the Director Pool of Thai Institute of Directors or other department that provides such information.
3. Other channels that the Nomination and Remuneration Committee deems appropriate.

The Nomination and Remuneration Committee is responsible for the selection and screening of the qualified candidates in accordance with the Company's Articles of Association Board of Directors Charter and along with other guidelines that are relevant which can be summarise as follows:

1. Consider the qualified individual in accordance with the laws and must not possess characteristics prohibited by the rules of the Security and

Exchange Commission along with other laws, regulations or other associated regulations.

2. The consideration of the appointment of the Independent Director is considered under the rules imposed by the Security and Exchange Commission.
3. Consider the suitability in terms of knowledge, experience, skills, expertise in industry (Board Skill Matrix) so that it is in accordance with the business strategy of the company.
4. Consider the diversity of the board structure, gender, age, qualifications and experience (Board Diversity).

After that the Nomination and Remuneration Committee proposes the list of candidates to the Board of Directors for their opinions. The Nomination and Remuneration Committee then proposes this matter in the shareholder's meeting for approval in order to elect directors in accordance with the following rules and procedures:

1. Each Shareholder has the vote equivalent to one vote per one share held.
2. Each Shareholder should use all of his/her voting rights under item 1 to elect one or more individuals as the Director, but is not capable to share his/her varied voting rights to any person.
3. Individual with the highest votes, follow by votes from other individuals in descending order would be elected as director subject to the number of Directors allowed to be elected in such meeting. In the event of individuals who have been elected that received equal votes but there will be over the number of allowed or elected Directors in such election, the Chairman of such Meeting shall have a casting vote.

In the event of an available position as a result other than the expiration of the term of the director. The Board of Directors shall appoint qualified candidates who do not possess any characteristic that indicates prohibition to be the director for the Board of Directors meeting. The replacement of director that just has been appointed may only serve for the remaining term of the director whom he/she replaces.

In 2017, there were 4 directors resigned from their positions as the term has expired:

1. Mr. Anant Asavabhokin
2. Mr. Pornwut Sarasin
3. Khunawut Thumpomkul
4. Mr. Achawin Asavabhokin

Remark: : Mr. Anant Asavabhokin has resigned as Chairman and Director on 22 May 2017.

However, the Nomination and Remuneration Committee considered this matter in accordance with the criteria of the selection. This shows that all 4 directors have the qualifications required according to the Public Limited Company Act B.E. 2535. Nonetheless, the qualifications of these directors, such as capability, experience and expertise (Board Skill Matrix) have been analysed so that these are in line with the Company's operational strategies. In this regard, such matter has been proposed through the resolution of the Board of Directors of the Company in order to be presented as an agenda in the 2017 Annual General Meeting of Shareholders. As a result, the meeting approved this matter and to re-appoint these directors for another term.

The Board Orientation

The Company has the policy to organise an orientation to every newly appointed Director in order to acknowledge the roles, duty, and responsibility, including providing knowledge, understanding of the business and operating in every part of the Company. The purpose is to prepare the readiness to perform the Directors' duties by presenting the documents and the information that will assist the newly appointed Directors in performing their roles such as the Directors' Handbook, Company's Good Corporate Governance and Business Code of Conduct Handbook, Company's Articles of Association, capital and shareholding structures, annual report, Form 56-1, business performance, laws and best practices guidelines, training programs for directors as well as other information related to the business operation in order to create better understanding about the Company and its operation to the newly appointed Directors.

In 2017, there was no orientation as there was no director appointed.

Selection of Managing Director

For the selection of the Managing Director, the Nomination and Remuneration Committee determines the selection of an appropriate candidate who has knowledge, capability and experience as required by the Company, including the ability to manage the business in order to achieve the company's objectives and goal as stipulated by the Board of Directors. The appropriate candidate would then be nominated to be appointed by the Board of Directors.

Roles and Responsibilities of the Managing Director

As resolved in the Board of Directors Meeting no. 7/2544 on 21st June 2001 and the Board of Directors Meeting no. 9/2544 on 16th August 2001, the Managing Director who has the authority to manage the Company as assigned by the Board of Directors and shall strictly and carefully manage the Company according to the framework or budget approved by the Board of Directors, and maintain the best interest of the Company and shareholders. Authorisation of the Directors also covers other matters as follows:

1. Daily Operation and management of the Company.
2. Approval of operating expenses, selling and administrative expenses and capital expenditure according to the budget approved by the Board of Directors. However, loan and guarantee are excluded.
3. Filling the post, appointing, removing, relocating, promoting, reducing or cutting salary or wages, disciplinary punishment to the staff and employees, and ordering the staff and employee to leave from the position according to the regulations as stipulated by the Board of Directors.
4. Other operations as assigned by the Board of Directors, by having the following authorities:
 - 4.1 Having the authority to administrate under the objectives, regulations, policy, rules, order, and resolution of the Board of Directors meeting and the resolution of the Shareholders Meeting.
 - 4.2 Having the authority to operate and enter into juristic act, agreement, order or any letter for contacting with the government authority, State Enterprise, and other individuals, including authority to act when necessary and appropriately so that the above mentioned acts become successful.

- 4.3 Having the authority to authorise an individual as a proxy to act on specific work, which must be under the rules, regulations, or order made by the Board of Directors or as imposed by the Company.

Nevertheless, the Managing Director is unable to approve any transaction that the Managing Director himself or individual who may have a conflict of interest in any other ways with the Company or its subsidiary.

Executive Succession Planning

The Company is well aware of the importance of running the business effectively. The succession plan was formulated to recruit the qualified personnel to develop his/her potential in order to fill in the important positions of the business operation. The qualified personnel may become a successor immediately or within 1-2 years with the operation procedures as follow:

1. Determine the important position as the Key Position to operate the Company's business.
2. Determine the criteria to select the successor by considering knowledge, skills, competency, experience, potential and vision for management.
3. Consider and select the successor with the qualifications that met the requirements and evaluate the readiness of the selected candidates in terms of strengths and weaknesses and area that requires improvement.
4. Formulate the Individual Development Plan to develop the competency for each individual selected in order to be fully prepared for the position that the successor intended to fill in.
5. Evaluate and review the annual succession plan in order to get an approval from the Board of Directors.

7. Remuneration for the Directors and Executives

The Nomination and Remuneration Committee is responsible for expressing their opinions to the Board of Directors in terms of the criteria for evaluating the performance of the Directors, Executives, and Managing Director.

Remuneration for the Directors

The remuneration of directors is considered with respect to fairness and appropriateness. The considerations

are based on the responsibilities and the performance of the company as a whole, the duties and the responsibilities of each sub-committee, the connectivity between the success of the operation and the business's performance, other related factors including the comparison between our company remuneration and the remuneration of other companies within the same industry or in similar industry, such as the director's remuneration survey conducted by the Stock Exchange of Thailand and Thai Institute of Directors (IOD).

In 2017, the Nomination and Remuneration Committee reviewed the remuneration of directors and proposed to the Board of Directors for approval. After that the matter was presented in the 2017 Annual General Meeting of Shareholders which took place on 5 April 2017. The shareholders have a resolution to grant the remuneration of directors amounting to no more than Baht 12,000,000 million and the pension for the directors amounting to no more than Baht 32,000,000 million with the payment structure as follows:

1. Cash Remuneration

1.1 Monthly Remuneration

- Chairman Baht 80,000 / person/ month
- Director Baht 40,000 / person/ month

1.2 Remuneration for Meeting

- Chairman Baht 30,000 / person/ attendance
- Director Baht 20,000 / person/ attendance

2. Other Remuneration

Directors will receive other benefits from purchasing product with discount. The discount rate will be as specified in the Articles of Association of the company that has been approved in the shareholder's meeting. The benefits mentioned above will not be greater than the benefits provided to the VIP customers which is fixed at no more than 10%.

Details of Directors' remuneration in 2017 are as follows:

Name - Surname	No. of Meeting Attend (time)				Meeting Allowances					Pension	Total (Baht)
	Board of Director, 12 meetings	Executive Committee, 12 meetings	Audit Committee, 12 meetings	Nomination and Remuneration Committee, 2 meetings	Monthly Remuneration	Board of Director Meeting	Executive Committee Meeting	Audit Committee Meeting	Nomination and Remuneration Committee Meeting		
1. Mr. Manit Udomkunnatum	11/12	10/12			480,000	220,000	300,000			2,461,538	3,461,538
2. Mr. Rutt Phaniaphand	12/12	12/12		2/2	480,000	240,000	240,000		60,000	2,461,538	3,481,538
3. Mr. Boonsom Lerthirunwong	12/12		12/12		480,000	240,000		360,000		2,461,538	3,541,538
4. Mr. Thaveevat Thatiyamaneeikul	11/12		12/12		480,000	220,000		240,000		2,461,538	3,401,538
5. Mr. Chanin Roonamram	12/12		12/12	2/2	480,000	240,000		240,000	40,000	2,461,538	3,461,538
6. Mr. Pornwut Sarasin	10/12				480,000	200,000				2,461,538	3,141,538
7. Mr. Naporn Sunthornchitcharoen	12/12	12/12		2/2	480,000	240,000	240,000		40,000	2,461,538	3,461,538
8. Mr. Khunawut Thumpomkul	12/12	12/12			480,000					2,461,538	2,941,538
9. Mr. Chadchart Sittipunt	12/12				480,000	240,000				2,461,538	3,181,538
10. Mrs. Suwanna Buddhaprasart	12/12				480,000	240,000				2,461,538	3,181,538
11. Mr. Archavin Asavabhokin	12/12				480,000	240,000				2,461,538	3,181,538
Director who resigned during 2017											
1. Mr. Anant Asavabhokin ¹	4/4				320,000	120,000				4,923,077	5,363,077
Total					5,600,000	2,440,000	780,000	840,000	140,000	32,000,000	41,800,000

Remark : Mr. Anant Asavabhokin resigned as Chairman and Director on May 22, 2017.

Remuneration for the Managing Director and Executives

The company considered remuneration to the managing director and executives with respect to fairness and appropriateness to the responsibilities assigned that in line with the company's performance. Additionally, the company compares its remuneration to the remuneration of the other companies within the same industry or in similar industry. Apart from this, the performance of each executive is analysed with respect to the objectives that indicates the company's vision, mission and the annual strategic plan. The purpose is to drive the Executives to build the stability and long-term sustainable growth for the organisation. The details are as follows:

- Remuneration for the Managing Director

The determination of remuneration for the Managing Director is determined appropriately and indicate transparency. The Nomination and Remuneration Committee reviewed the remuneration of the managing director in order to propose this matter to the Board of Directors for approval by deciding whether the individual performance corresponds to the company's objectives both in short and long terms; as well as whether the individual's responsibilities conform to be in accordance with the assigned tasks. The objective of remuneration is to encourage motivation and ownership participation. The details are as follows:

Short term : Remuneration in the form of salary and bonus based on the performance.

Long term : The first Employee Joint Investment Program (EJIP) No.1 started from 1 July 2013 to 30 June 2018. See page 76 for further details.

- Remuneration for the Executives

The Managing Director evaluates the performance of each executive as well as the department performance under each executive responsibilities annually. The evaluation of these assessments are used to determine the remuneration of executives in the form of salary and bonus. The details are as follows:

Short term : Remuneration in the form of salary and bonus based on the performance.

Long term : The first Employee Joint Investment Program (EJIP) No.1 started from 1 July 2013 to 30 June 2018. See page 76 for further details.

The 2017 Remuneration for the Managing Director and Executives are as follows:

1. Salary and bonus

The 2017 and 2016 Remuneration for the Managing Director and the executives include salary, bonus and other compensation which amounted to Baht 145.36 million and Baht 94.45 million respectively.

2. Employee Joint Investment Program (EJIP) No.1

The Employee Joint Investment Program first began on 1 July 2013. The Directors and Employees who joined the program will receive contribution for buying the Company's stock starting from 1 July 2013 to 30 June 2018. See page 76 for further details.

8. Human Resources

Details of number of employees during year 2015 - 2017 are as follows:

Number of Employees	31 Dec 2017	31 Dec 2016	31 Dec 2015
Employees of the Company			
- Head Office	1,490	1,478	1,333
- Branches	6,417	6,786	6,971
Employees of subsidiaries	2,738	2,630	2,198
Total (persons)	10,645	10,894	10,502
Salaries, wages and other employee benefits (million Baht)	4,526	4,237	4,010

Remark : The table contains information of the permanent employees only.

The Employee Joint Investment Program (EJIP)

The Company's Board of Directors meeting was held on 30 April 2013 and the Employee Joint Investment Program (EJIP) No.1 was approved. The details of the program are as follows:

The Company eligible under EJIP	Home Product Center Public Company Limited
The Period of EJIP	July 1, 2013 to June 30, 2018, with a total duration of 5 years.
Eligible employees under EJIP	Employees at Division Manager or above or equivalent level on the voluntary basis. Directors and advisors of the Company are excluded from this program.
EJIP arrangement	The Company will make deduction from the payroll of eligible employees who voluntarily join the EJIP, at the rate 5% of the salary of each month. The Company will contribute 100% of the amount contributed by EJIP participants on a monthly basis.
EJIP buying schedule	Monthly basis.
Conditions for holding the securities	During the 1 st year - 3 rd year is the silent period. After the 3 rd year - 4 th year, employee can sell 75% of shares accumulated After the 5 th year, employee can sell all shares
EJIP program manager	Phillip Securities (Thailand)Public Company Limited

Remark : The Company received an approval for the Employee Joint Investment Program (EJIP) from Securities and Exchange Commission (SEC) on 13 June 2013.

Directors and Executives who are authorised to control the Company and its Subsidiaries

Name – Surname	Subsidiaries				
	Home Product Center Plc.	Market Village Co., Ltd.	Home Product Center (Malaysia) SDN. BHD.	Mega Home Center Co., Ltd.	DC Services Center Co., Ltd.
1. Mr. Manit Udomkunnatum	Director				
2. Mr. Rutt Phanijphand	Director				
3. Mr. Boonsom Lerdhirunwong	Independent Director				
4. Mr. Thaveevat Tatiyamaneekul	Independent Director				
5. Mr. Chanin Roonsamram	Independent Director				
6. Mr. Pornwut Sarasin	Independent Director				
7. Mr. Naporn Sunthornchitcharoen	Director				
8. Mr. Khunawut Thumpomkul	Director and Managing Director	Chairman	Chairman	Chairman	Chairman
9. Mr. Chadchart Sittipunt	Director				
10. Ms. Suwanna Buddhaprasart	Director				
11. Mr. Achawin Asavabhokin	Director				
12. Mr. Anuchar Jitjaturunt	Executive Vice President		Director and Managing Director	Director and Managing Director	
13. Mr. Weerapun Ungsumalee	Executive Vice President				Director
14. Mr. Kasem Pinmontearntong	Senior Vice President				
15. Mr. Nat Jarlitchana ¹	Senior Vice President	Director			
16. Ms. Jarusopha Thumkathikanon	Senior Vice President				
17. Ms. Siriwan Paimsethasin	Senior Vice President				
18. Ms. Sannipa Swangpuen	Senior Vice President				
19. Ms. Ittaporn Srisukwattana	Senior Vice President				
20. Ms. Apiradee Thavilap	Senior Vice President				
21. Mr. Chaiyuth Karunyasopon	Senior Vice President				Director and Managing Director
22. Ms. Pornsook Damrongsiri	Senior Vice President				
23. Mr. Vathunyu Visuthikosol	Senior Vice President	Director and Managing Director		Director	
24. Ms. Sudapa Chamod	Senior Vice President				
25. Mr. Nitat Aroontippaitoon	Senior Vice President			Director	Director
26. Miss. Monaphat Phongpreedachit	Senior Vice President				
27. Mrs. Surangkana Chaiprasart	Senior Vice President				
28. Ms. Wannee Juntamongkol	Senior Vice President	Director	Director	Director	Director

Remark : ¹ Mr. Nat Jarlitchana has retired from Company since 31 December 2017.

Details of changes in the Company's shareholding by the Directors in 2017

No	Name - Surname	Position	No. of Shares as at Jan 1, 2017	Changes in No. of Shares	No. of Shares as at Dec 31, 2017	Shareholding (%)
(1)	Mr. Manit Udomkunnatum	Director and Chairman of the Executive Director	297,991,997	-	297,991,997	2.27
	Spouse and minor children		41,066	(41,066)	-	-
(2)	Mr. Rutt Phanijphand	Director, Executive Director and Chairman of the Nomination and Remuneration Committee	-	-	-	-
	Spouse and minor children		-	-	-	-
(3)	Mr. Boonsom Lerdhirunwong	Independent Director and Chairman of the Audit Committee	-	-	-	-
	Spouse and minor children		-	-	-	-
(4)	Mr. Thaveevat Thatiyamaneekul	Independent Director and Audit Committee	-	-	-	-
	Spouse and minor children		-	-	-	-
(5)	Mr. Chanin Roonsamrarn	Independent Director, Audit Committee and Nomination and Remuneration Committee	-	-	-	-
	Spouse and minor children		-	-	-	-
(6)	Mr. Pornwut Sarasin	Independent Director	-	-	-	-
	Spouse and minor children		-	-	-	-
(7)	Mr. Naporn Sunthornchitcharoen	Director, Executive Director and Nomination and Remuneration Committee	-	-	-	-
	Spouse and minor children		-	-	-	-
(8)	Mr. Khunawut Thumpomkul	Director, Executive Director and Managing Director	142,014,553	107,636	142,122,189	1.08
	Spouse and minor children		-	-	-	-
(9)	Mr. Chadchart Sittipunt	Director	-	-	-	-
	Spouse and minor children		-	-	-	-
(10)	Mrs. Suwanna Buddhaprasart	Director	-	-	-	-
	Spouse and minor children		-	-	-	-
(11)	Mr. Archawin Asavabhokhin	Director	-	-	-	-
	Spouse and minor children		-	-	-	-

Remark : The increase in number of shares is mainly due to the participation of the Employee Joint Investment Program (EJIP).

Details of changes in the Company's shareholding by the Executives in 2017

No	Name - Surname	Position	No. of Shares as at Jan 1, 2017	Changes in No. of Shares	No. of Shares as at Dec 31, 2017	Shareholding (%)
(1)	Mr. Anuchar Jitjaturunt	Executive Vice President	14,022,145	(533,252)	13,488,893	0.1026
	Spouse and minor children		-	-	-	-
(2)	Mr. Weerapun Ungsumalee	Executive Vice President	6,332,014	(51,186)	6,280,828	0.0478
	Spouse and minor children		-	-	-	-
(3)	Mr. Kasem Pinmonteartong	Senior Vice President	249,514	(65,316)	184,198	0.0014
	Spouse and minor children		-	-	-	-
(4)	Mr. Nat Jarlitchana	Senior Vice President	5,796,057	(893,350)	4,902,707	0.0373
	Spouse and minor children		-	-	-	-
(5)	Ms. Jarusopha Thumkathikanon	Senior Vice President	10,623,715	44,442	10,668,157	0.0811
	Spouse and minor children		-	-	-	-
(6)	Ms. Siriwan Paimsethasin	Senior Vice President	2,783,552	(487,905)	2,295,647	0.0175
	Spouse and minor children		-	-	-	-
(7)	Ms. Sannipa Swangpuen	Senior Vice President	99,106	36,685	135,791	0.0010
	Spouse and minor children		-	-	-	-
(8)	Ms. Ittaporn Srisukwattana	Senior Vice President	490,094	27,450	517,540	0.0039
	Spouse and minor children		501,435	-	501,435	0.0038
(9)	Ms. Apiradee Thavilap	Senior Vice President	75,700	34,029	109,729	0.0008
	Spouse and minor children		-	-	-	-
(10)	Mr. Chaityuth Karunyasopon	Senior Vice President	2,617,252	44,915	2,662,167	0.0202
	Spouse and minor children		134,400	-	134,400	0.0010
(11)	Ms. Pornsook Damrongsiri	Senior Vice President	113,364	30,104	143,468	0.0011
	Spouse and minor children		-	-	-	-
(12)	Mr. Vathunyu Visuthikosol	Senior Vice President	9,806,190	44,466	9,850,656	0.0749
	Spouse and minor children		-	-	-	-
(13)	Ms. Sudapa Chamod	Senior Vice President	119,065	31,381	150,446	0.0011
	Spouse and minor children		-	-	-	-
(14)	Mr. Nitat Aroontippaitoon	Senior Vice President	5,515,314	33,301	5,548,615	0.0422
	Spouse and minor children		-	-	-	-
(15)	Ms. Monaphat Phongpreedachit ¹	Senior Vice President	51,278	59,195	110,473	0.0008
	Spouse and minor children		13	-	13	0.0000001
(16)	Mrs. Surangkha Chaiprasart ²	Senior Vice President	312,946	28,093	341,039	0.0026
	Spouse and minor children		38	-	38	0.0000003
(17)	Ms. Wannee Juntamongkol	Senior Vice President	9,839,723	52,558	9,892,281	0.0752
	Spouse and minor children		-	-	-	-

Remark : The increase in number of shares is mainly driven by the Employee Joint Investment Program (EJIP).

¹ Miss. Monaphat Phongpreedachit has been appointed on 1 July 2017 with the stock balance as at the date of the appointment.

² Mrs. Surangkha Chaiprasart has been appointed on 1 July 2017 with the stock balance as at the date of the appointment.

Corporate Governance

The Board of Directors realizes the importance of corporate governance and believes that the good corporate governance is the crucial factor for business operation, in order to efficiently, effectively and sustainably manages the business to have stability, continuous growth and fairness to all stakeholders. From such reasons, the Board of Directors stipulates the corporate governance policy to have the content that cover the important principle on the rights of shareholders, equitable treatment of shareholders, roles of stakeholders, disclosure and transparency, and Board's responsibility, in order to be guideline for managing business to achieve the Company's objectives and goal that have been set according to business policy sticking to rightness and transparency. The policy of corporate governance of the Company is disclosed at <http://hmpro.listedcompany.com/>

Board of Directors reviewed and updated the aforementioned policies through Strategy and Sustainable Development Committee for completeness, clarity and be in line with new Corporate Governance Code (CG Code) from The Securities and Exchange Commission, the regulations of the Thai Institute of Directors (IOD), and the international criteria in region level such as ASEAN CG Scorecard

Throughout the entire year of 2017, the Company has complied with the good corporate governance except the following:

1. The Chairman of the Nomination and Remuneration Committee is not an Independent Director. However, Nomination and Remuneration Committee consists of independent directors. Additionally, the management of the Board of Director rests upon the Good Governance Policy stipulated by the Stock Exchange of Thailand.
2. The Company has two Independent Directors, Mr. Thaveevat Tatiyamaneekul and Mr.Chanin Roonsamram, who have assumed this position for longer than 9 years. These Independent Directors are well-skilled, knowledgeable and have first-hand experience in Retail Business. Throughout the past while, they have been providing valuable advices both in the capacity of Independent Directors and in the capacity of Audit Committee. Especially Mr. Chanin Roonsamram, he is

knowledgeable and specializes in both Finance and Accounting. The details of the assuming of the position of Independent Directors are as elaborated below:

Name - Surname	Date of Appointment	Number of Service Years (Date of Appointment - 31 Dec 2017)
1. Mr. Pomwut Sarasin	1 October 2015	2 year 3 months
2. Mr. Boonsom Lerdhirunwong	1 October 2014	3 year 3 months
3. Mr. Chanin Roonsamram	3 October 2005	12 years 3 months
4. Mr. Thaveevat Tatiyamaneekul	29 May 2001	16 years 7 months

1. Rights of Shareholders

The Board of Directors is well aware of and has always emphasized on sustaining the rights of all shareholders in exercising their basic rights, such as the right to participate in the shareholder meeting, the right in casting votes to appoint or remove any particular director, the right in casting votes to appoint the external auditor and determine the remuneration for the auditor, the right to vote in different important matters, the right to freely express one's opinions in the shareholders' meeting, the right to acquire repurchased stocks, the right to be fairly approved of dividend payment, and the right to obtain adequate company's information in a timely and fair manner. In the previous year, the Company has ensured that shareholders' rights have been properly enhanced as details below:

- Clearly reveal the shareholding structure to assure shareholders that the Company has a transparent and accountable operation, without any complicated shareholding patterns; no co-shareholders, cross-ownership or pyramid ownership within the group of companies.
- Disseminate the information and details on the exercising of rights in several aspects via the channels of the Stock Exchange of Thailand and the Company's website, with consideration to equality in access to information, the duration and convenience in exercising rights, without any particular actions to limit the access to the source of company information or obstruct communication among shareholders.

- Actively protect shareholders' rights by constantly holding meetings. The Annual General Meeting of Shareholders 2017 was held on Thursday April 5, 2017 at Grand Ball Room, 1st floor, Mandarin Hotel, 662, Rama 4 Road, Bangrak Sub-district, Bangrak, Bangkok. Details are as follows:

Before the Meeting

- Prior to the meeting, shareholders were involved in proposing the meeting agendas and the names of individuals to get nominated to be the directors from October 13, 2016 to January 13, 2017, as well as submit questions to the Company Secretary ahead of the meeting day. Guidelines on meeting agenda and director candidate proposal were posted on the Company's website. Nevertheless, proposals for neither the meeting agenda nor director candidates were made for the Annual General Meeting of Shareholders 2017.
- Kept shareholders informed of the meeting date of the Annual General Meeting of shareholder 2017 well ahead of time for full participation. Communication on the matter was made through the Stock Exchange of Thailand's channels and the Company's website on February 27, 2017, which was also the day that the Board of Directors agreed upon the meeting date
- Posted the meeting notice, both in Thai and English, on the Company's website since March 3, 2016; 31 days before the meeting and distributed to shareholders since March 21, 2017; 15 days prior to the meeting. This provided shareholders with enough time to acknowledge the meeting agenda and to examine the information.
- Facilitated shareholders including individual shareholders, juristic and institutional investors, who could not attend the meeting by themselves, by sending the proxy Form A, B, and C together with the meeting notice. These forms can also be downloaded from the Company's website. Moreover, the Company has nominated a list of independent directors' names and backgrounds that shareholders could appoint to be the proxy. In the Annual General Meeting of Shareholders 2017, Mr. Chanin Roonsamrarn, an Independent Director, was appointed as proxy in casting votes on behalf of the shareholders.

On the Meeting Day

- Facilitated the shareholders such as individual shareholder and institutional investors by providing the appropriate and easily accessible venue to accommodate the participants, with the map provided. Staff members were assigned for providing information and inspect the documents at the point of registration. In addition, shareholders could register their attendance roughly 2 hours ahead of the meeting using the bar code system for accurate and convenient processing. Besides, stamps were prepared for shareholders wishing to assign proxies to attend the meeting on their behalf.
- Regulated the voting rights in the meeting to be in accordance with the number of shares held; one share is equivalent to one vote.
- Before the meeting commenced, the Chairman of the Board informed the participating shareholders of their rights according to the Company's rules and regulations, meeting proceedings, guidelines on casting votes as well as the opportunity for shareholders to ask questions and fairly express opinions in the meeting.
- The bar code system was used to count votes and the results were clearly displayed in each agenda. The voting cards were used in the process of casting votes, whereby the ballots were prepared and separated by agendas, allowing shareholders to cast their votes as they see appropriate.
- Arranged an independent, external inspector, who performed a legal counsel role, to monitor the meeting and ensure that the meeting was transparent and complied with the laws and the Company's regulations.
- Encouraged the appointment of a particular shareholder as the representative and the witness in the vote counting process in every agenda.
- The Chairman allocated enough time for the meeting and appropriately conducted the meeting with absolute transparency according to the agenda specified in the meeting notice. For the record, there have never been any occasions where documents containing essential information were distributed to the shareholders right in the meeting without prior notice, as well as the inclusion of addition agendas in the meeting without prior notice, which can be unfair to shareholders who did not attend the meeting.

- Shareholders were allowed to join in the meeting even the meeting had already commenced but they could only vote in the agendas that had not yet been voted.
- Shareholders were encouraged to express their opinions and ask questions. The Chairman of the Board, the Chairman of the Audit Committee, the Chairman of the Nomination and Remuneration Committee, Managing Director, top executives and the external auditor were also present in the meeting to answer shareholders' questions.

After the Meeting

- Submitted the meeting's resolutions and accompanying details i.e. the number of votes in each agenda to the Stock Exchange of Thailand and posted on the Company's website on the day of the meeting so that absent shareholders can immediately reach of the information.
- Shareholders can view the video recording of the meeting via the webcast posted on the Company's website.
- Prepared the meeting minutes, in Thai and English, and distributed via the Stock Exchange of Thailand's channels and the Company's website within 14 days after the meeting and also submitted a copy to the Stock Exchange of Thailand by the indicated due date.

In 2017, the Company has been evaluated for 100 full scores on the assessment of the shareholders' meeting arrangement for 9 consecutive years, under the AGM Quality Assessment program, hosted by the Thai Investors Association, in collaboration with the Securities and Exchange Commission (SEC) and the Thai Listed Companies Association. Main criteria are inclusive of different meeting arrangement processes, from the time prior to the meeting, the day of the meeting and after the meeting.

2. Equitable Treatment of Shareholders

The Company places great emphasis on fair and equal treatment towards every single shareholder; major shareholders, individual shareholders, institutional investors or foreign shareholders. There are regulating guidelines as follows:

- (1) Regularly disseminate the information to shareholders via channels supported by the Stock Exchange of Thailand and the Company's website, as well as

prepare a channel that shareholders can directly request for any information or make inquiries via the Board of Directors', Independent Directors' and the Investor Relations' email addresses.

- (2) Devise internal rules and regulations on the use of information within the organization in coherence with the securities-related laws. Constant reviews are encouraged in order to promote fairness and equality towards all relevant stakeholders, as follows:

- Inform the rules, regulations and policies related to the use of internal information to the Directors, executives and employees on a regular basis to ensure that those rules, regulations and policies are well aware of and obliged by everyone.
- The Company's trading transactions are forbidden one month in advance prior to the time that the financial statements are disclosed to the public. The Company Secretary Office will inform the Directors and executives of the said silent period.
- The Directors and executives' shareholding information is disclosed in the annual report, as regulated by the Securities and Exchange Commission. Furthermore, the Board of Directors has put in place the protocols in following up with business ethics compliance on the use of internal information. Directors and executives are advised to submit a copy of report recording any changes in their shareholding information to the Company Secretary Office on a monthly basis in order to report to the Board of Directors every time changes occur. The Company Secretary Office will consolidate the information and report to the Board of Directors' meeting as well as submit the documents to the Securities and Exchange Commission.

3. Roles of Stakeholders

Policies on Treatment towards Different Groups of Stakeholders

The Company places high significance on all stakeholders, holding on to everyone's mutual and sustainable benefits as the principles. Policies and roles imposed upon stakeholders are clearly written down in "Business Ethics Manual", with details as follows:

Shareholders :	Perform one's duties with utmost honesty. Make any decisions to proceed with care and fairness for the sake of shareholders' interests as a whole. The Company shall provide regular, accurate and most updated reports, operating performance, financial information and any other reports, while fairly keeping shareholders well informed of the Company's situation and tendencies, on the basis of possibilities and reasons.
Employees :	Treat employees with fairness, in terms of opportunities, remuneration, promotions, reallocation and potential development. Respect every person's individuality and human dignity. Maintain the working environment to be in good and safe conditions for employees' physical well-being and properties, as well as open the channels for filing complaints in case there are any unfair treatment as opposed to the system and processes being put in place.
Customers :	Deliver good-quality products and services that meet clients' expectations in reasonable prices. Provide adequate, accurate and timely information to match with clients' organizational contexts. Strictly abide by any conditions towards clients and deal with clients with politeness and effectiveness. Arrange appropriate channels for clients to file complaints regarding quality, quantity and safety of products and services, as well as provide advices on how to use the Company's products and services.
Suppliers :	Treat suppliers with equality and always be aware of mutual interests. Develop and maintain healthy relationships with suppliers and nurture trusts between both parties. The Company has laid out the clear regulations on the procurement process and strictly forbidden the request for, receipt of or payment of any interests that are deemed dishonest towards suppliers. In addition, the support of Anti-Corruption and operating the business with responsible to economic, social, and environment issues have been implemented continually.
Creditor :	Strictly comply with any conditions required by creditors. Effectively utilize loans for the right purposes and avoid mismanaging the fund on activities that can cause damages to the Company. Monitor the payment of loans and interests to creditors by the due date and completely comply with the loan covenants according to the agreement. In case of failure to comply with such conditions, the Company will keep creditors informed ahead of time in order to mutually find solutions.
Competitors :	Operate the business under the rules of fair competition and avoid attempting to seek confidential information of competitors via any dishonest or inappropriate means and never attempt to damage competitors' reputation by making untrue allegations.
Society, Communities and Environment :	Operate the business that contributes to the benefits of the economy, society and environment. Place focus on preserving customs and traditions of the locality where the Company's units operate. The Company is firmly determined to behave as a good citizen and comply with the rules of law and relevant regulations. In support of such policies, the Company will constantly be holding activities that are beneficial to the public, while at the same time intensively and continuously cultivate a sense of responsibility for employees in all levels towards the society, community and environment in order to sustain it as the key element of the corporate culture.

Details on the Company's roles towards stakeholders are available in the "Sustainable Development Report".

Policies and Guidelines on informations technology

The Company appoints the Strategy and Sustainable Development Committee to supervise and prepare the business plans by analyzing and developing the business framework in order to support the future technology. The Company continually allocates resource and develops information technology related to the Company's business. Besides, the Company emphasizes confidentiality of data as the Company involved with multi-parties: customers, suppliers, and Etc. by determining authorization for different levels and responsibilities of employees and set up the information technology security protocol such as back up site. In addition, detail on Information System risk and Risk Management are available on page 57. The Company determines Policies and Guidelines on information technology as follows:

1. The Company complies with relevant law, regulation, discipline and standards related to information technology.
2. The Company establishes information technology security system to ensure the confidentiality, creditability, and availability of data. Furthermore, the Company has protocol to prevent the inappropriate usage of data or data editing without authorization by determining authorization for different levels and responsibilities of employees.
3. The Company has considered the risk of information and technology and determined measures to manage the risk such as providing training to solve preliminary problems and reporting system to person responsible for the system to ensure the continuity of business.
4. The Company properly allocates and manages resource related to information technology by determines criteria to identify priorities of information technology plans, the consistent with business strategies, urgency, business model alignment, etc.

Policies and Guidelines on Intellectual Property

The Company has imposed regulations to all employees to perform duties under the rules regarding rights in intellectual property such as trademark or any other

intellectual properties identified by law. For instance, the use of licensed computer programs, whereby all programs must pass the qualifications and be installed by the Information and Communication Technology (ICT) Department only. Also, employees are advised to thoroughly check prior to making use of any information to determine whether or not it violates others' rights in intellectual properties etc.

Moreover, employees are encouraged to have knowledge and understanding with regards to legal regulations and potential damage that caused by violation of Intellectual Property rights.

Policies and Guidelines on Legal Compliance and Human Rights Principle

Complying with the rules of law is the significant foundation of the Company's business operations. This is inclusive of domestic law, international law, customs, traditions and cultures that are relevant to the operations. The focus is on the enhancement of the standard practice to be above what is regulated by law.

The Company supports the protection of human rights and ensures that the Company's business is not involved in any infringements of human rights, e.g. forced labor, child labor and has standard working hour according to labor law. Also emphasizing on fair treatment towards all groups of stakeholders on the basis of human dignity, regardless of origins, race, gender, age, skin color, religion, physical condition, status, and nobility. The Company has also put in place an internal monitoring system regarding human rights protection that is up to the international standard in order to protect all stakeholders from possible damages from violation of human rights caused by the Company's business operations. In case compensations is considered, it will not be lower than the rate determined by law

Policies and Guidelines on Anti-Corruption

The Company commits its intention on anti-corruption practices by issuing Anti-Corruption policy to ensure that the Company and employees can prevent and counter corruption which was set up according to internal control principles. The Policy will be annually reviews

and can be used as guidance. Related measures and guidelines are as follows:

1. The Company is neutral in political matter and has no political contribution policy and no action to show that the Company is interested in any particular political party or political group.
2. The Company has No-Gift Policy to prohibit receiving or giving any gift or any benefit from-to all stakeholders.
3. Donation for Charity or Subsidy must be performed correctly, directly and transparently and not in violation of a good moral, laws and practical regulations.
4. The Company determines measure and guidance for procurement audit and contract agreement.

The Policy has been informed to all stakeholders of the company via communication channels including Intranet, Vendor Relationship management system (VRM), sending letter via post mail, in-house board announcement, employee orientation, etc.

The Company determined that risk management is the responsibility of Company's employee including directors, executives and employees. For the corruption risk, it was assessed possibility of occurrence in the Company's activities such as procurement process, disbursement, government license, etc. The activities will be appropriately monitored and controlled via the following tools.

- Determining working schedule, planning enough lead time for handle unexpected event.
- Documents and procedure must be checked and verified prior to applying for approval from the authority.
- Budget control and working procedure are clearly specified.
- The disbursement must be approved and verified according to authority level in all cases.

The Company emphasized on the ethics and integrity as one of the Company's cultures and cultivated all employees to adopt this practice. In this regard, the Company has become the certified member of Collective Action Coalition (CAC) which jointly

undertaken by the Thai Institute of Directors Association (IOD), Thai Chamber of Commerce, Foreign Chambers of Commerce, Thai Listed Companies Association, and Thai Bankers' Association. This is to ensure that the policy consistent with anti-corruption measure of the CAC.

Whistleblowing Policy

The Company has assigned Internal Audit departments as a complaint handling center to receive complaint regarding suspicious or improper activity and monitor the complying of code of conduct. The Company's employees, suppliers, customers, shareholders and stakeholders are able to report any suspicious or improper activity to the Company so that appropriate investigation can be conducted.

Complaint Handling Procedure

1. Guideline to received complaint: After the complaint is received through the Company's channel, the Audit Committee will appoint the Audit Department to engage and propose to the Audit Committee.
2. Information gathering and investigation: Audit Department gathers and examines the information before submitting to the chief of relevant department. The information and solution will be presented to chief of relevant department under transparency and fairness to all stakeholders.
3. Reporting: The audit results will be reported to the Board of Director, the Audit Committee and the Risk Management Committee and complainant.

In case of suspecting or seeing any action that may not in accordance with law, regulation, and business ethics including the petition for right violation, stakeholders can inquire or complain by sending the evidence details to the related person or department through the channels as follows:

Board of Directors :	In case of notifying or communicating about an operation of the Company, the information will be sent to the Managing Director at http://hmpro-th.listedcompany.com/contact_board.html
Audit Committee :	In case of requiring for filing complaint about violation of laws or ethics, accounting issues, internal control etc. The information will be sent to the Internal Audit Department of the Company in order to be compiled and proposed to the Audit Committee for further consideration at http://hmpro-th.listedcompany.com/contact_audit.html
Complaints Notification Unit, Human Resources Department :	In case of complaining about employee's offence or employee desires to notify any wrong doing, please contact md@homepro.co.th . The Company also provides "Hotline" for employee consultation (HR Clinic) through internal phone number and in person consultation.

The communication channels for other stakeholders have been disclosed in "Sustainable Development Report" on page 107.

The identity of the whistleblower and information will be retained anonymous. Only the Managing Director and Senior Vice President in charge of that business unit will be acknowledged the information of complaints. The executives will gather complaints and submit to the Audit Committee and the Risk Management Committee for further consideration. In 2017, there were complaints which have been already resolved and have been passed on to the related business unit for acknowledgment.

4. Disclosure and Transparency

The Board of Directors sees that disclosure of accurate, complete, transparent and timely information is of utmost importance to investors and related parties, for financial statements and other critical information that has impact on the Company's stock price. Disclosure of information was done via the Stock Exchange of Thailand's channels and the Company's website for investors and all stakeholders in Thailand and overseas can obtain reliable and adequate information for their decision on a regular basis.

Investor Relations Department

The Company has a dedicated Investor Relations Department to fully take charge of providing information and collecting opinions from shareholders, analysts and investors on a regular basis, as well as presenting operating performance and compiling comments from shareholders, analysts and investors to the Board of

Directors at least 4 times annually. The Company expects that the Investor Relations Department is an important medium in providing information, giving clarification, answering questions and collecting and exchanging comments or concerns with shareholders, investors, securities analysts and interested individuals. The Head of Investor Relations is Mr. Rakpong Aroonwatdhana. The Company information can be inquired via 3 channels as follows:

- (1) Telephone : +66 2832 1416
- (2) Fax : +66 2832 1066
- (3) Email : ir@homepro.co.th

Moreover, the Company has shared important information in order to reach out to target audiences in an accurate, complete, timely and fair manner via 3 main channels:

1. The annual information disclosure report (Form 56-1) and the annual report (Form 56-2), detailing key topics such as overall business operations, risk factors, shareholding structure, management, related transactions, corporate governance etc. These two reports will be distributed within 90 days and 120 days after closing date of the fiscal year, respectively, to investors to be timely informed of the operating results in the previous year.
2. The Management Discussion and Analysis (MD&A), is published quarterly and annually, detailing the operational and financial performance, as well as the analysis and explanation of reasons for changes with consideration to factors affecting change in the business performance.

3. The Company's website under the Investor Relations section. This is in order to facilitate investors and interested individuals to study the Company's information, which is regularly updated. The information displayed on the website is available both in Thai and English, comprising of the nature of business operations, historical and updated financial statements, press releases, shareholding structure, organization chart, structure of business groups, Directors' and executives' information, information on Investor Relations, the Company's regulations, annual reports and policies which are all downloadable.

Disclosure and Financial Integrity

The Board of Director ensures that any person involved in the preparation and disclosure of any information such as Senior Vice President of Accounting and Finance, accountant, Internal audit, Company secretary, Investor relation officer, and etc., has relevant knowledge, skills, experience, and sufficient resources.

The Company splits account department and finance department to increase operating efficiency through workforce management. Senior Vice President of Accounting and Finance, accountant and Company secretary must meet qualification and regulations of Stock Exchange of Thailand as well as number of training hours set by Stock Exchange of Thailand's. The training would develop the understanding of accounting and new regulations. In addition, Investor relation department has been trained from Stock Exchange of Thailand, Securities and Exchange Commission, and etc. The course would enhance the better understanding of law and regulation as well as business impact from both internal and external factors on a regular basis. Moreover, the disclosed information must be accurate, complete, transparent and timely to all stakeholders.

Analysts Meeting

The Company normally arranges a session for announcing the operating results to analysts, investors and interested shareholders and also publishes Investor Releases on a quarterly basis

Investors Meeting and Company Visits

Throughout the year 2017, the Company has allowed analysts, shareholders and institutional investors in Thailand and overseas to meet the executives via different arrays of activities on a continuous basis, as a way of sharing information, operating performance, strategic plan, growth directions, the summary of the key events throughout the year, as well as answering questions. The following are activities that took place in 2017.

1. Hosting roadshows as follows:
 - 8 overseas roadshows: 3 times in Singapore, 2 times in Hong Kong, 1 time in Malaysia, 1 time in United State of America and 1 times in Europe.
 - 8 domestic roadshows both retail and institution investor.
2. Hosting 113 company visits for analysts, individual investors, and institutional investors from both domestic and international, to meet with executives via prior appointments to acquire Company information.
3. Hosting 15 site visits via prior appointments for investors and securities analysts.
4. Holding 26 conference calls with investors
5. Joining 2 Opportunity Days hosted by the Stock Exchange of Thailand.

Press Conference and Media Relation

In 2017, the Company arranged one press announcement on the annual business results of 2016 and business plan of 2017. There were press releases provided to the media informing business progress as well as other marketing events throughout the year.

5. The Board of Directors' Key Responsibilities

Apart from the roles and responsibilities and authorities of the Board of Directors specified on page 64, the followings are additional roles of the Board of Directors:

- **Determining policies and business directions:** The Board of Directors is involved in determining the Company's vision, policies, goals, business plan and budgets which are reviewed and approved annually. The policies and business directions are taking into account on ethic and impact to stakeholder apart from financial point of view. The group is also collectively accountable for monitoring the management

team to operate the business according to strategies, plan and budget effectively and efficiently. Also, integrating innovation and technology is in the business appropriately.

- **Monitoring the Company's strategy execution:** The Board of Directors is involved in monitoring the execution of the Company's strategy via meetings which is reported on a monthly basis.
- **Good corporate governance:** The Board of Director reviewed the corporate governance policy and code of conduct on a regular basis which is integrated into the Company's culture. The Board of Director will be a role model in creating and driving a corporate governance and code of conduct. Additionally, the aforementioned policies and code of conduct is communicated and enforced to directors, executives, and employees as well as monitored the results on a regular basis. These would enhance the Company to be standardized, transparent, effective, and auditable. Furthermore, the Company determines policies and procedures to limit the number of position in other companies for director, independent director, managing director, and executives. Director and independent director must not take more than 5 positions in listed companies. Managing director and executives must not take more than 2 positions in listed companies that is not in the same group of the Company and must not have conflict of interest with the Company.
- **Internal control and audit:** The Board of Director is well aware of the significance of internal control and audit systems. The Board of Director determines the protocols to ensure that the Company has an effective internal control system in place and is coherent with the level of risk that the Company is able to accommodate. The Audit Committee has been assigned to conduct any examinations and follow up with the results regularly in order to build confidence to executives, investors and other stakeholders.
- **Risk management:** The Board of Directors is responsible for monitoring any potential risks that can possibly affect the business. The Risk Management Committee has been appointed to

take charge of regulating and supporting effective risk management, as well as considering any potential risks and defining execution plan, following up, and constantly improving such plan to minimize risks to be in the acceptable level

- **Avoidance of conflict of interest:** The Board of Directors will determine the tool to ensure that the Company effectively and transparently operates the business, for the best interests of shareholders, by way of avoiding chances of conflict of interest in business operations. However, in case any Directors or executives are one of the stakeholders in any matters, they must be completely disclosed.
- **Nurture of innovation:** The Board of Director emphasizes the nurture of innovation by supporting the integration of innovation and technology into the business. These would enhance competitiveness and value to the Company under the dynamic change of business environment. It could respond to stakeholder's concerns; the Company, customer, suppliers, social and environment. The Board of Director appoints executives to integrate innovation as a part of business strategies, operational development, and operation monitoring.

The Company has appointed the Audit Committee which is entirely Independent Directors in order to verify accuracy of disclosed information and ensure reliability of financial statements. The Committee is also responsible for regulating good governance and internal control, with its roles and responsibilities of the Audit Committee detailed under the topic "Management".

In case of unusual transactions, the Board of Directors is supposed to consider such transactions with Independent Directors in the meeting.

The Company has the Nomination and Remuneration Committee to determine the procedures and criteria in the recruitment of the Company's Directors and determine remuneration or any other benefits that are fair and reasonable, and propose to the shareholders' meeting for approval.

Chairman of the Board and Managing Director's Roles

The Chairman of the Board and the Managing Director are not the same person, so that roles are clearly separated and to balance power in all aspects of operations.

Even though the Chairman of the Board is the representative of the shareholders who are not the Independent Directors, the Nomination and Remuneration Committee's resolution according to mutual agreement among the Board of Directors is that this particular structure is appropriate for the Company's business operations and has also served as the key strength that accelerates success and growth up until present. Since the Chairman of the Board is knowledgeable and full of experiences and expertise in many fields; housing, real estate and retail, he has consistently been capable of performing duties with consideration to benefits of all groups of stakeholders.

The Chairman of the Board is supposed to assume duties and responsibilities as a director under the Board of Directors' charter, abide by the Code of Conduct and corporate governance policies to serve as a role model for Directors, executives and employees. In this regard, the Chairman of the Board also takes the role of the chairman of the Board of Directors' meeting and shareholders' meeting, monitors effective proceeding of the meeting, and allows opportunities for Directors and shareholders to express their constructive opinions independently.

The Managing Director is responsible for effectively managing and administering the Company as part of executing the strategic plans, vision and mission being formulated. The scope of the authority has been specified under the law, objectives and regulations of the Company, as well as resolutions from the Board of Directors' meeting and shareholders' meeting.

More information regarding the Chairman of the Board and the Managing Director's scope of authority can be found in the topic "Management", on page 65 and 72, respectively.

Training Programs for the Board of Directors

The Board of Directors facilitates and promotes directors to attend training courses and seminars in order to accumulate knowledge that will benefit the Company. The Board of Directors assigned the Company Secretary to collaborate and notify directors of upcoming training courses and seminars as training schedule. In 2017, Mr. Boonsom Lerdhirunwong, Chairman of the Audit Committee, was trained in ID Forum: Updated COSO Enterprise and Risk Management: Integrating with Strategy and Performance.

The Board of Directors' Meeting

The Board of Directors and Executive Directors have a regular meeting every month and may have an extra meeting as necessary. The executives could attend the Board of Director Meeting in appropriate agenda. In order to conduct Board of Directors' meeting and vote in the meeting, the Company requires a quorum of one-half of the directors to participate. The schedule of Board of Director meeting and the sub-committee's meeting for the whole year are defined in advance, and the calling notice for meeting with agenda of the meeting will be sent at least 5 working days in advance for the directors to be prepared.

During the meetings, the Chairman sufficiently allocates times in explaining on important issues, encourages every director to express opinion creatively and independently as well as uses discretion carefully. In addition, the Company Secretary will record the minutes of the meetings.

The directors, who has conflict of interest in any issue, will be absent and have no right to vote on that issue.

Meeting documents, meeting minutes as well as related information and documents shall be completely kept in the safe place and recorded into the electronic files along with the original copies.

In addition, Non-Executives Directors, Independent Directors and the Audit Committee can conduct meetings among themselves as appropriate to discuss

issues related to management of the Company without involvement of the executives.

The Board of Directors shall be updated regularly on any change in laws, rules, and regulations, and important guidelines, movement on industrial information and good corporate governance guideline so that the performance as the Board is in accordance and updated with the laws, regulations, and good principles and guidelines.

The Board of Director supervises the management to monitor and assess the company's financial position as the important agenda to report to the Board of Director's meeting on monthly basis. The Board of Director and Management will jointly finding the solution immediately when there is the weak sign of liquidity and repayment ability. None the less, the guidance to solve this issue must be reasonable and fair to all concerned including the compliance with the concerned rules and regulation such as disclosure rule.

In 2017, there were 12 Board of Directors meetings, 12 sub-committee meetings, 12 Executive Directors meetings, 12 Audit Committee meetings, and 3 Nomination and Remuneration Committee's meetings. Details of the meeting attendance of the Board of Directors' meetings and other sub-committees' meetings are available in "Management" topic on page 74.

Procedures and Criteria for the Board of Directors' Performance Evaluation

The Board of Directors' performance evaluation is categorized into the following topics:

- **Performance Evaluation for the Board of Directors as a group:** The Company has assigned the Nomination and Remuneration Committee as the representative in determining the criteria for performance evaluation for the Board of Directors as a group on an annual basis in order to make decisions on remuneration and pensions. The evaluation is based upon industry comparison, the business expansion, profitability growth, market capitalization, dividend payment, and the meeting

attendance record. The objective of the annual performance evaluation is to enhance the Board of Directors' effectiveness and to figure out ways to improve evaluation criteria for the next evaluation period.

- **Performance evaluation for sub-committee:** In 2017, the performance evaluation of the Audit Committee was categorized into 2 main parts: (1) the appropriateness of the structure and elements of the Audit Committee (2) the Audit Committee's performance in the past year.

Criteria of Performance Appraisals and Remuneration Policy for Managing Director

The Company has the Nomination and Remuneration Committee to propose opinion to the Board of Directors in consideration of setting the annual Key Performance Indicators (KPI) to be used in evaluation of working performance of the Managing Directors, such KPI shall be in accordance with the goal of the Company for both short term and long term with an objective to create motivation and sense of participation in the ownership of the Company. The compensation and remuneration for Managing Directors are as follows:

Short term : Payment of rewards in the form of salary and bonus based on the performance.

Long term : Employee Joint Investment Program (EJIP) starting from July 1, 2013 to June 30, 2018. For more information please reach to page 76.

Guidelines for performance evaluation and employee's compensation

The company determines the policy to provide fairness to the employees including: job opportunity and compensation based on the Company's performance both in short term and long term. The employee would receive bonus based on the Company's performance in short term and receive EJIP program long term. In addition, the Company realizes that employee is the valuable resource to reach the Company's success target. Therefore, it is the policy of the Company to provide fair treatment in respect of opportunity, remuneration, position and the development of capacity to be in line with such policy, Company follows this guidelines.

1. The Company treats the employees with politeness, and respect to individual and human dignity.
2. The Company has fair remuneration to the employees.
3. Assign and transfer the position including reward and punishment to the e
4. The Company emphasizes the importance of knowledge development and employee's competency by providing opportunities on a regular basis.
5. The Company regularly preserves working environment to be safe for employees' life and properties.
6. The Company opens to employee's opinion and suggestion on the basis of employee's professional knowledge.
7. The Company strictly complies with labor laws and any regulations related to the employee.
8. The employees are allowed to file complaints to the Company if the employees are treated unfairly using the given the specified system and procedure.

Governance on subsidiaries

The Board of Directors appointed the Company's executives to be directors of the subsidiaries. The directors' responsibilities are to ensure the maximum benefits of all subsidiaries, to supervise the subsidiaries to comply with the rules regarding relating to party transactions, asset acquisition and disposition, and other major transactions, to ensure that the subsidiaries apply the same disclosure policy and practices to the aforementioned transactions as the Company, and to supervise the subsidiaries to appropriately retain information and record accounting transactions in order to facilitate the Company in reviewing and gathering subsidiaries' financial statements to be consolidated with the financial statements of the group in an appropriate timeframe.

Compliance Unit

According to the notification of Capital Market Supervisory Board regarding Establishing Compliance Unit of Business Operator which is applicable to person licensed to undertake the following businesses : (1) securities brokerage, (2) securities dealing, (3) securities underwriting, (4) mutual fund management, (5) private

fund management, (6) being derivatives broker, (7) being derivatives dealer and (8) being derivatives fund manager. The notification stipulated that business operator shall arrange to have compliance unit having duty to monitor business operator's compliance with good governance.

The Company does not have a dedicated Compliance Unit, but instead assigns each department and division to manage on its own, for examples, compliance on different licenses, legal compliance, and compliance related to the Stock Exchange of Thailand and the Securities and Exchange Commission will be taken care by the Legal Department; compliance on the standard operations of the branches will be the responsibilities of the Branch Operations Division; and there is also the Internal Audit Department that will supervise each department's operations to ensure standardized practices as a whole.

Internal Audit Department

In order to promote the procedures of good governance, the Company has formed an internal audit to review and follow up the result of work performing to the executives, by performing its tasks independently, and reporting the results to the Audit Committee directly and regularly. The chief of internal audit is Mr. Aryuratas Chai-anan, Vice President of Internal Audit department, appointed by Audit Committee.

Moreover, there is an appointment to an auditor who passes a consideration from the Audit Committee to evaluate the effectiveness of the internal control in accounting. The resolution of shareholders' meeting of 2017 approved to appoint Mrs. Gingkarn Atsawarangsalit, the auditor with certified license no.4496 of EY office company limited, to be the Company's and subsidiaries' auditor of 2017. In this regard, the auditor has no direct and indirect benefit or conflict of interest including not being a debtor, creditor, executives, major shareholder or does not be related to the aforementioned person. The auditor is independent and has acceptable qualification as approved from Securities and Exchange Commission.

Supervision on the Use of Internal Information

The Board of Directors has regulated policies governing the use of internal information and the trading transaction of the Company's stocks, in order to promote equality and fairness towards all shareholders and to prevent directors or executives to inappropriately purchase or sell their shares and dishonestly seek personal benefits or others.

- **Control of Internal Information:** Directors, executives and all staff members must never utilize the Company's critical internal information that has not been disclosed to the public for their own and other's benefits and must strictly abide by the confidentiality policy regulated by the Company.
- **Possession of the Company's Shares:** Directors, executives and staff members are allowed to invest in the Company's shares. However, in order to prevent possible conflicts of interest, directors, executives and employees who can access insider information, as well as their spouses, cohabitation, or children not having yet become sui juris are prohibited from purchasing, selling, transferring or getting transferred the Company's shares during the one-month period before the financial statement is disclosed to the public. In this regard, if any executives or employees violate such regulations on the use of internal information, it is considered as a disciplinary offense and the person can be subjected to legal punishment.
- **Possession of the Company's Shares Report:** The Company Secretary Office is responsible for compiling the information on the shares possessed by directors and executives, as well as their spouses, cohabitation and children that not having yet become sui juris to the Board of Directors' meeting. This is to be dedicated as one of the agendas in the meeting on a monthly basis. Moreover, it has been internally regulated that the directors and top executives are required to report to the Company Secretary Office regarding their share transactions at least one day prior to making any transactions.

In the past year, the Company had not received any complaints with regards to acts of violation of Conflicts

of Interest conducted by directors or executives in using the internal information for inappropriate purposes.

Conflicts of Interest Management

It is the Company's policy to operate the business with honesty, openness, transparency and equality. Directors, executives and all employees are not allowed to do any businesses that are considered to compete with the Company's opponents, and are advised to avoid making transactions related to oneself, individuals or juristic persons that are prone to have conflicts of interest with the Company. The Board of Directors is responsible for ensuring strict compliance to the criteria, procedures and disclosure of any inter-related transactions as regulated by laws or the Corporate Governance Office.

In case the so-called inter-related transactions are necessary or unavoidable, such transactions have to be in line with condition of general business transaction as approved by the Board of Directors on a transparent and equal basis. This is to be regarded as if a transaction made with the outsider and the Company's utmost interest at all times. Stakeholders must not get involved in considering the transactions in which they have conflicts of interest. On the other hand, in case the inter-related transactions which are not in accordance with the general business transaction approved by the Board of Directors, and might possibly generate conflicts of interest, such cases must be investigated and opined by the Audit Committee, prior to the proposal to the Board of Directors or shareholders for approval.

- **Report of inter-related transactions:** Directors and executives are required to fill out the inter-related transactions declaration form for the accounting period ending December 31 every year in order to demonstrate transparency and cautiousness in doing any transactions. The Company Secretary Office will hand out this declaration form and put together all the information.
- **Disclosure of directors, executives and related parties' conflicts of interest:** The report is due to be prepared within 30 days after the date of assumption of duties and to be reported annually as of December 31. For cases taking place during the year, directors, executives or any related parties

have to make transactions, either directly or indirectly, with the Company or its affiliates, such activities must be declared to the Company for the type of contract that being made, name of the partner of the contract and any interests eligible to the directors or executives, in order to ensure transparency in making such transactions.

- **Report of Conflicts of interest:** Directors and executives are required to report their own and related parties' transaction in case that the interests are related to the Company's management and administration according to the criteria, conditions and procedures regulated by the Securities and Exchange Commission. The Company Secretary Office will compile the information and submit a copy of this conflict of interest report to the Chairman of the Board and the Chairman of the Audit Committee, which is to be reviewed within 7 days after receiving.
- **Disclosure of strategic shareholder information:** The Company is responsible for preparing the share distribution report on a free float basis by individual minor shareholders, or shareholders who are not involved in directing or managing the Company (Strategic Shareholder). The proportion of the free float shares is considered as a significant factor in determining the Company's liquidity of share trading transactions and this benefits all shareholders and investors as a whole in a way that they can conveniently purchase or sell their shares. Reasonable price is also another appealing factor for those who are interested in investing in the Company.

In 2017, the Company had not received any complaints with regards to acts of violation of Conflicts of Interest conducted by directors or executives.

Code of Conduct

The Company places great emphasis on operating the business with morality, taking business ethics as a way of practice and a good guiding principle for directors, executives and all employees to follow, in order to encourage effectiveness and transparency. This would create trust and acceptance in the Company's transparent operations, as well as sustainably and fairly create

values to all stakeholders. The Board of Directors has initiated the "Code of Conduct" as part of the Company's "Good Corporate Governance" principles, which can be downloaded from the Company's website.

The Code of Conduct is comprised of policies and ways of practice in 6 different perspectives that reflect the Company's values in business operations. Directors, executives and employees are expected to adhere to and abide by the following topics:

1. Principles of business operations
2. Conflicts of interest and confidentiality
3. Responsibility towards the Company and its assets
4. Treatment towards stakeholders
5. Supervision on business ethics compliance
6. Receipt of complaints regarding corporate governance and business ethics

This manual has been distributed to all directors, executives and employees to encourage the execution of code of conduct and can be used as a reference. Assuming that everyone has accountability to acknowledge, understand and strictly comply with the policies and protocols regulated in the manual. Everyone will be evaluated the execution of code of conduct via performance evaluation on a yearly basis. The Code of conduct was integrated and communicated into the Company's culture (HomePro Culture). The Company has published this manual on the website under the good governance topic for shareholders, investors and interested individuals' convenient access.

The Company has consistently been placing great significance on equipping knowledge and understanding on good governance and business ethics. The Board of Directors has been working to ensure that communication on such matter is sufficient to encourage compliance of such policies, as seen from the incorporation of the good governance topic and business ethics as one of the orientation agendas for directors and employees. In 2017, there were 24 orientation sessions for employees.

Risk Management and Internal Control



Risk Management

The Company recognizes the importance of risks that may occur and affect the business operation. The Risk Management Committee has been established to track and set guidelines on how to manage and maintain risks within the acceptable level. The Risk Management Committee consists of the Managing Director, who chairs the Committee, Executive Vice Presidents and Senior Vice Presidents from 6 departments as Committee members, who cover major risks within the Company. The process is as follows:

1. Set risk management policy for the Company according to international standard by focusing risk management on 4 aspects: strategy, operation, finance and related regulations.
2. Review major risks at the corporate level. The process includes the analysis, assessment and summary of Corporate Risk Profile. Set Key Risk Indicator as the precaution reminder for risks and how to manage them effectively.
3. Track and review the mentioned risks quarterly with accordance with the everchanging business

environment. Monitor and manage risks to remain within the acceptable level.

4. Report the risk assessment to Board of Directors every quarter.

Internal Control

In the Board of Directors Meeting No.1/ 2018 on January 30, 2018, the Board of Directors has reviewed the sufficiency of the internal control system with the Audit Committee and Top Management according to the 5 aspects of 17 COSO principles. It is concluded that the internal control system of the Company is sufficient and appropriate for the operational objective and good corporate governance. Key summaries are as follow:

1. Control Environment

- 1.1 The Company prioritizes integrity and ethical values. Executives and employees are to act with honesty and maintain the code of ethics. In addition, the Company has set the organizational structure, line of authority and responsibilities

for each job, to ensure and monitor that the operation is efficient, effective and does not cause conflict of interest against the Company.

- 1.2 The Board of Directors are experts of the retail business who possess diverse knowledge that are valuable to the management of the Company. Board of Directors are independent from the Company's management. They oversee the develop and enforcement of internal control. The Board of Directors also monitors the establishment of clear and measurable business goals as the practical guidelines for executives and employees.
- 1.3 Management has established the line of command and authorization, which appropriately delegates the authority and responsibilities among the Board of Directors, Top Management, managers and employees in order to achieve the Company's objectives.
- 1.4 The Company recognizes the importance of employee development and retention. A process is put in place to develop and retain talented employees, as well as measures to handle the shortage of talented employees and to prepare successors for important management positions.
- 1.5 The Board of Directors and management have a process to communicate and ensure that all employees are responsible for internal control. The process is open for adjustment in necessary cases.

The Audit Committee determines that the Company has set transparent and appropriate internal control, which is sufficient for the business to operate according to the objective.

2. Risk Assessment

- 2.1 The Company appoints the Risk Management Committee to set policies and methods to analyze risk factors that may affect the operation of the Company, to ensure that the risk management is effective. In addition, the Risk Management Committee is tasked to track the changes in risk factors or any incident that may affect the business operation quarterly.

- 2.2 The Company assigns Risk Management Committee members, who are representatives of risk owners, to follow up and ensure that the work process follow the internal control system and risk management plan.
- 2.3 The Risk Management Committee reviews risk factors and risky events both internal and external, which may prevent the business operation from reaching the target, through committee members who are the representatives for each core business unit of the Company and report the result to the Board of Directors quarterly.
- 2.4 The Company has measures and plan to manage risks with the following methods: acceptance, reduction, avoidance and risk sharing.
- 2.5 The Company has guidelines to evaluate the risk of corruption by using both internal and external information. Inspections are conducted in cross functional departments. Should any corruption occur, the Company already has the policy and standard practice stated in the regulations of Human Resource department.

The Audit Committee determines that the Company has sufficient evaluation and analysis of risk factors that may affect the business operation, including the changes in each factor, in order to set the appropriate measures to maintain risks within the acceptable level.

3. Control Activities

- 3.1 The Company has created work process control to help reduce the risk of not being able to achieve the objective or goal, as well as to make employees responsible and accountable for their duties at the appropriate level.
- 3.2 The Company has set the policy and regulations in writing for financial transactions, procurement and general management. The Company recognizes the importance of delegation and sets approval hierarchy of each management level clearly.
- 3.3 The Company designs the internal control system regarding accessing Company's information by

determining it as part of operation at the corporate level and work process in each business unit. The Company drives each business unit to conduct self-assessment to control risks on regular basis.

- 3.4 The Company regulates the access to Company's data by setting clear policy for Access Control. The objective is to prevent outsiders and personnel of unrelated department from accessing and editing sensitive information.
- 3.5 The Company sufficiently regulates the Access Control to each work system and has prepared Disaster Recovery Plan (DRP) to counter any incident that may affect the information and communications system of the Company.
- 3.6 The Company has a concise policy to track the transaction of major shareholders, directors, executives and others who are related to the mentioned parties. All transactions must go through predefined approval process.
- 3.7 The Company has a process to monitor and oversee the operation of subsidiaries and associated companies by appointing Company's representative to be the director or the executive of each subsidiary.

The Audit Committee determines that the Company has sufficient work process control system, which is appropriate for reducing the risk of not being able to achieve the planned objective and goal.

4. Information & Communication

- 4.1 The Company incorporate the correct, detailed and timely information to make decisions and reference in meetings to conclude important matters.
- 4.2 The Company incorporate and review both internal and external information as part of the analysis and decision making process. Every department must submit appropriate information and check the data before it is put to use.
- 4.3 The Company provides sufficient information to the Board of Directors to support their decision making. An example of important information is

the agenda to be proposed, rational, its impact to the Company and available options.

- 4.4 The Company follows the Generally Accepted Accounting Principle. Records and documents supporting transactions are properly stored by outsource partner who has appropriate storage system.
- 4.5 The Company has sufficient process and communication channels to control business operation effectively and report to the Board of Directors on regular basis.
- 4.6 The Company has arranged a channel on Company's Web Site to receive information regarding internal and external suspected misconduct from whistleblowers for the Board of Directors and the Audit Committee.

The Audit Committee determines that the Company has the appropriate information management and information communication system that contains sufficient, appropriate and accurate data to support the decision making of the Board of Directors, Management, and Shareholders. In addition, the Company has the appropriate internal and external communication systems to control the business operation.

5. Monitoring Activities

- 5.1 The Company tracks and evaluates the implementation of the internal control system to ensure that the system is effective and that the operational results are in line with the target by arranging analysis, reports, and meetings on a regular basis, so that any problems or mistakes can be fixed in timely manner.
- 5.2 The Company conducts internal auditing. Internal auditors report the audit results directly to the Audit Committee. This is to enable the internal auditors to perform their duties and report the results independently.
- 5.3 The Management must immediately report to the Board of Directors in events of suspected

misconduct, or potential corruption that may significantly affect the Company's reputation and financial position. The guidelines for solution are to be reported to the Board of Directors or the Audit Committee for consideration within timely manner.

The Audit Committee determines that the Company has effective monitoring system to track operational results along with adequate internal control systems. The Company also has Internal Audit department to examine the implementation and sufficiency of internal control system, and report to the Audit Committee on a regular basis.

Moreover, Ms. Kingkarn Asavarangsarit, certified public accountant (Thailand) no.4496 of EY Office Limited, the external auditor of the Company ended December 31, 2017, and the authorized auditor on approved list of the Office of Securities and Exchange Commission, has opined that no significant error was found on the assessment of the efficiency of internal control for Company's accounting.

Head of Internal Audit

On January 9, 2014, the Audit Committee Meeting No.1/2014 has appointed Mr. Aryuratas Chai-anan, Vice President - Internal Audit to be the Head of Internal Audit, since he has experience in internal audit for the Company for 14 years and experience in similar business, total of 17 years. He has passed the Certified Professional Internal Audit of Thailand (CPIAT) test and has been trained in related internal audit courses such as Audit Standard, Information Technology Auditing, Risk Management, etc. In addition, he has a good understanding of the Company's operation. As a result, it is appropriate to appoint him to perform such duties.

The Audit Committee is responsible for approving the appointment, removal, and transfer of the Head of Internal Audit.

Head of Internal Audit's Profile

Mr. Aryuratas Chai-anan (50 years old)

Vice President - Internal Audit

Relationship with the management:

: none

Education

: Bachelor of Accounting, University of the Thai Chamber of Commerce

Trainings

- | | |
|------|--|
| 2017 | - Understanding and Navigating Risks in Emerging Market
- The role of the listed Company's Board of Director in reducing business risk in cyber, challenge and solution
- AC Hot Update Prepare for new CG
- Bright Spots: Lighting the way to a corruption free society National Conference CAC
- Practice for the Board to supervise the prevention and response to cyber threats.
- Communication Strategy for Modern IA |
| 2016 | - How to Develop a Risk Management Plan
- Cyber Operation Contest and trend on information system
- Seminar "Internal Auditor and value creation in currency economy situation"
- CG Forum 3/2016
- "The way to prevent corporate corruption"
- Seminar "Internal control to prevent the inappropriate offers to a government official"
- The upcoming of New Financial Reporting Standards |
| 2015 | - COBIT 5 for enterprise framework and CG forum "Risk oversight: High priority roles of the board" |
| 2014 | - Going From 'Good' to 'Great' |
| 2013 | - Certified Professional Internal Auditor of Thailand (CPIAT) |
| 2012 | - Mini Master of Business Administration
- NIDA |
| 2011 | - Internal Auditing for the certified internal auditor |
| 2010 | - Risk Management - Action |
| 2006 | - Skill for new Auditor-In-charge |
| 2005 | - Operation Audit |
| 2003 | - Internal Audit Standards vol. 2 |
| 1998 | - Internal Audit Standards vol. 1 and Information System Auditing vol. 1 |

Work Experiences :

- | | |
|----------------|---|
| 2014 - Present | - Vice President – Internal Audit |
| 2014 - Present | - Risk Management Committee's secretary |
| 2010 - Present | - Audit Committee's secretary |
| 2003 - 2014 | - Assist Vice President – Internal Audit (Home Product Center Plc.) |
| 2000 - 2003 | - Inventory Management Consultant (Karat Sanitary Ware Plc.) |
| 1997 - 2000 | - Head of Internal Audit (Siam City Cement Plc.) |

Dividend Policy

Dividend Policy of Home Product Center Public Company Limited

The Company has the policy to pay dividend to shareholders not less than 40% of the net profit of each year. However, the consideration for dividend payment will take other factors into account such as result of operation and financial status of the Company, liquidity, expansion of business and other factors relating to the management of the Company. Each dividend payment is required to obtain approval from shareholders and Board of Directors.

Dividend payment during 2015 – 2017 is as follows:

	2017 ³	2016 ²	2015 ¹
Total Dividend Payment (unit : Baht/ Share)	0.31	0.27	0.25
Dividend Payout Ratio	84.97%	85.64%	93.26%

Remarks : 1. Dividend for 2015 amounted to 0.25 Baht/share paying from the first 6-month operation of 0.10 Baht/share, according to the resolution of the Board of Directors' Meeting No. 8/2015, and the last 6-month operation of another 0.15 Baht/share, according to the resolution of the Annual General Meeting of Shareholders 2016.

2. Dividend for 2016 amounted to 0.27 Baht/share paying from the first 6-month operation of 0.12 Baht/share, according to the resolution of the Board of Directors' Meeting No. 8/2016, and the last 6-month operation of another 0.15 Baht/share, according to the resolution of the Annual General Meeting of Shareholders 2017.

3. Dividend for 2017 amounted to 0.31 Baht/share paying from the first 6-month operation of 0.13 Baht/share, according to the resolution of the Board of Directors' Meeting No. 8/2017, and the last 6-month operation of another 0.18 Baht/share, according to the Board of Directors' Meeting No. 2/2017 approved to propose to the Annual General Meeting of Shareholders 2018.

Dividend Policy of Subsidiaries

The subsidiary companies had yet determined the dividend payment policy. However, it will consider paying dividends in case of having net profit from operation and enough cash flow after statutory reserve as stipulated by law.

Related Transaction

In 2017, the Company and its subsidiaries had significant business transactions with related parties (related by means of having common shareholding or co-directors), which have been concluded on commercial terms and bases agreed upon in the ordinary course of business between the Company and those companies. Furthermore, the Company has no related transaction neither by way of financial support nor guarantee other than in subsidiaries of the Company.

As of December 31, 2017 and 2016, the Company had outstanding balance with the related transaction, which can be summarized as follows:

Name of Company / Nature of Relationship	Transaction	Amount (Thousand Baht)		Audit Committee and Management's opinion
		31 Dec 17	31 Dec 16	
1. Land and Houses Plc.				
- Being a major shareholder of the Company by holding 30.23% of total paid-up capital, as of Sep 13, 2017.	Sales income	35,198	45,127	Such value was the appropriate selling price as it was the same as the market price which the Company sells to the other manufacturers or sellers.
	Accounts receivable	3,905	5,439	
- Having 2 co-directors				
1. Mr. Naporn Sunthornchitcharoen				
2. Mr. Archawin Asawabhokin				
2. Quality Houses Plc.				
- Being a major shareholder of the Company by holding 19.87% of total paid-up capital, as of Sep 13, 2017.	Sales income	531	2,207	Such value was the appropriate selling price as it was the same as the market price which the Company sells to the other manufacturers or sellers.
	Accounts receivable	13	512	
- Having 5 co-directors:				
1. Mr. Boonsom Lerdhirunwong				
2. Mr. Chadchart Sittipunt				
3. Ms. Suwanna Buddhaprasart				
4. Mr. Naporn Sunthornchitcharoen				
5. Mr. Archawin Asawabhokin				
3. The companies, which are related through the major shareholders of the Company and have transactions with the company and its subsidiaries				
- Co-Major shareholders are:	Sales Income	1,223	4,230	- Market price
1. Land and Houses Plc.	Rental and Service Income	17,744	18,005	- Contract price
2. Quality Houses Plc.	Interest Income	24,366	16,854	- 0.25% - 0.80% per annum (2016: 0.75% - 1.00% per annum)
	Rental and Service Expense	23,796	21,188	- Percentage of revenue but no less than a minimum rate
	Deposit with financial institution	1,744,446	2,728,457	
	Trade and other receivables	609	2,479	
	Rental guarantee deposit	3,000	3,000	
	Trade and other payable	1,743	1,689	

Necessity and Appropriate Reason of Transaction

The connected transaction made was necessary and reasonable to create the highest benefit to the Company. The Audit committee concluded that such was in accordance with business and the general ordinary course of received and paid consideration by and from the Company was fair.

Measure/Procedure of Approval of Connected Transaction

The connected transaction being made at present and expectedly in the future, e.g. sales of goods to Land and Houses Plc. and Quality Houses Plc., renting space in the Wave Place building of Quality Houses Leasehold Property Fund, leasing space and deposit transaction with Land and Houses Bank Plc.

For the sale of goods transaction, the Company determined the price according to the market price which was the price that buyer could buy them from other manufacturers or sellers. Generally, the specification and price of goods would be determined earlier. For the purchase of goods transactions, the Company purchased them at the market price which it could purchase from other manufacturers or sellers. The Audit Committee considered the connected transactions and concluded that the Company received and paid remuneration in the fair price according to the general ordinary course of business.

Policy or Tendency of Inter-Transaction

The Company has policy to specify the trade conditions for entering into inter-transaction to be as normal business operation. Price of products to be sold shall be prescribed at the level that can be competed to other vendors.

As for Inter-transaction that may be occurred in the future, the Board of Directors shall comply with the laws on Securities and Stock Exchange, and Regulations, Announcement, Order, or Regulations of Stock Exchange of Thailand, and including compliance with the regulations on disclosure of information of connected transaction and acquiring or disposing of material assets of the Company or the Subsidiary.

However, if there will be inter-transactions of the Company or its subsidiary occurred to person or stakeholder who may have conflict of benefit, or may have conflict of interest in the future, the Company shall have the Audit Committee give the opinion on necessity and appropriateness for such transactions. In case the Audit Committee is not skillful in considering the inter-transactions that may be occurred, the Company shall arrange for an Independent expert or auditor of the Company to give opinion on such inter-transactions in order to bring such information to support for the decision making of the Board of Directors or shareholders as the case may be. However, the Company shall disclose inter-transactions in the note of the financial statement audited by the Auditor of the Company.



2017 SUSTAINABLE DEVELOPMENT REPORT



CONTENTS

103

Report of Corporate Strategy and Sustainable Development Committee

104

Our Accomplishments

105

Sustainable Development Strategies

- List of Committee
- Stakeholder Engagement
- Materiality
- Targets and Strategies

111

Product and Service

- ECO Product
- Product Innovation
- Product for Elderly
- Activities to promote energy saving
- Home Service
- Home Makeover
- Lady Service
- Other Services
- Responsibilities to Customers
- Customer Satisfaction

118

Employee

- HomePro Culture
- Recruitment and Employment
- Happy Home Town
- Potential Development and Career Path
- Employee Retention and Engagement
- Safety and Health

127

Operational Efficiency

- Electricity Consumption
- Solar Renewable Energy
- Carbon Footprint
- Water Management
- Waste Management
- Ecological Management
- Other Campaigns for the Efficient Use of Resources
- Environmental Management of Subsidiaries

134

Management

- Store and Business Opportunity Expansions
- Supplier Management
- Anti-Corruption
- Emerging Risk Management
- Developing Innovative Organization

140

Society and Community

- Young Entrepreneur Project
- Bilateral Scholarship Program
- Toilet for Community Project
- Other Social Activities

147

Feedback Form

149

GRI Content Index and SDGs

Report of Corporate Strategy and Sustainable Development Committee

Dear Shareholders and Stakeholders,

Sustainability management of Home Product Center Co., Ltd. is mainly driven through Strategic and Sustainability Development Committee. The roles and responsibilities of the committee cover sustainability targeting, reviewing strategies, plans, regulations, standards and operational guidelines and also control the results to go to the same direction. The committee consists of senior executives including the Managing Director as the chairman, the deputy managing director and assistant managing director from relevant departments as board. In 2017, there were 4 meetings and relevant report to the audit committee in related issues. The major operations in 2017 are as follows:

1. Review business ethics and current corporate governance policy to be complete and up to date. To be a practice guideline to employees to prevent corruption. The committee has considered that the business ethics and the current corporate governance policy are still up to date and complete.
2. Consider and give recommendations to the board regarding the Corporate Governance Promotion Program for both national and regional regulators. For example, Corporate Governance Report of Thai Listed Companies (CGR) and ASEAN CG Scorecard, etc. to improve the Company's operations and disclosure to follow a good practice.
3. Review plans and provide recommendations to the sustainability development group on the implementation after being certified by Thai NGO's Anti-Corruption Action Plan. For example, the preparation of the partner's practice manual, Partner assessment, and organizing training on anti-corruption aspect.
4. Make activities and projects to be consistent with UN Sustainable Development Goals (SDGs) with a process operating, monitoring, evaluation, and improvement.
5. Monitoring the progress of sustainable development from the working group and revelation. Also follow the market situation and changes of global trends according to economic, social and environmental framework.



(Khunawut Thumpomkul)

Chairman of Corporate Strategy and
Sustainable Development Committee

Our Accomplishments



Selected to become a member of Dow Jones Sustainability Index (DJSI) 2017 in emerging market, an index for assessing the effectiveness of business practices according to sustainable development of global leading companies, conducted by S&P Dow Jones Indices and RobecoSAM.



Being listed in “MSCI Global Sustainability Indexes” and “MSCI Global SRI Indexes” with “A” rating from Morgan Stanley Capital International.



Being listed in “FTSE4Good Emerging Index” and “FTSE4Good ASEAN 5 Index” the indexes evaluate ESG issues of listed companies.



Receiving a full score of 100 from the Thai Investors Association for the assessment on the quality of shareholders' meeting for the 9th consecutive year.



Receiving SET Sustainability Awards 2016 for “Rising Star” category.



Receiving SET Sustainability Awards 2016 for “Rising Star” category.



Rated a governance level of “Excellence: 5 stars” from the Thai Institute of Directors Association (IOD).



Selected as 1 of 100 listed companies having outstanding progress in Environmental, Social, and Governance (ESG) performance from Thaipat Institute



Certified member of Thailand's Private Sector Collective Action Coalition Against Corruption (CAC)

Sustainable Development Strategies

1. List of Corporate Strategy and Sustainable Development Committee

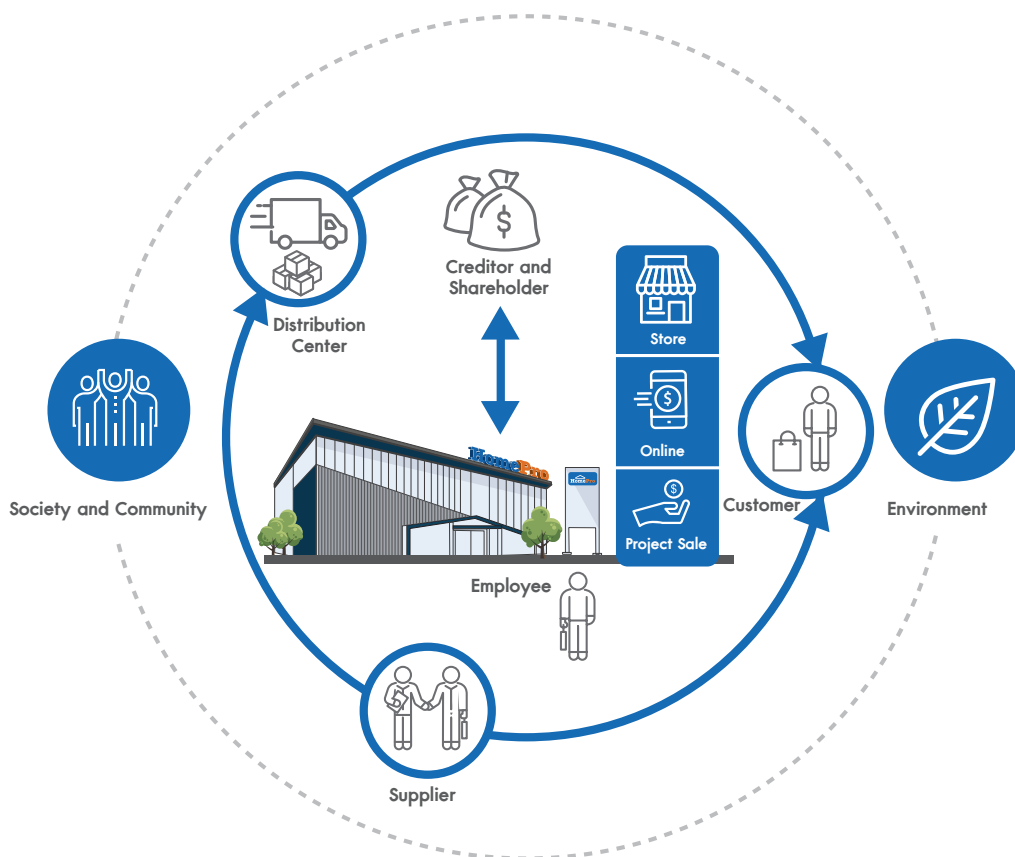
Corporate Strategy and Sustainable Development Committee is chaired by the Managing Director and consisted of 10 Senior Vice Presidents and Vice Presidents from different departments throughout the value chain. The purpose is to cooperatively define and review policies, strategies, operational plans and regulations. Moreover, the Committee would monitor the performance related to sustainable development and the balance between business operations, environment, and living standards of society and community with the participation of all stakeholders. 4 Meetings were held in 2017. Committee members are listed as follow:

- | | | |
|-----|---------------------------|---|
| 1. | Mr. Khunawut Thumpomkul | Managing Director (Chairman of the SD Committee) |
| 2. | Mr. Weerapun Ungsumalee | Executive Senior Vice President |
| 3. | Mr. Nat Jaritchana | Senior Vice President - Marketing |
| 4. | Mr. Vathunyu Visuthikosol | Senior Vice President - Business Development |
| 5. | Ms. Siriwan Paimsethasin | Senior Vice President - Merchandising |
| 6. | Mr. Nitat Aroontippaitoon | Senior Vice President - Human Resource and Loss Prevention |
| 7. | Ms. Wannee Juntamongkol | Senior Vice President - Accounting and Finance |
| 8. | Ms. Sudapa Chamod | Senior Vice President – Information and Communication Technology |
| 9. | Mr. Chaiyuth Karunyasopon | Managing Director - Distribution Center Co., Ltd. |
| 10. | Mr. Nopadon Phiwkiang | Vice President - Organization Development |
| 11. | Mr. Rakpong Aroonwatdhana | Vice President – Strategic Planning and Sustainable Development (Secretary) |

In 2017, the Corporate Strategy and Sustainability Committee and the Risk Management Committee had cooperatively reviewed and evaluated key issues of sustainability development and risks associated with business operation, by referencing Dow Jones Sustainability Assessment Criteria (RobecoSam), integrating with the international standard set by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and practicing according to the guidelines from Global Reporting Initiative (GRI) G4. The goals of sustainable development within the United Nations Sustainable Development Goals (SDGs) are also taken into consideration, together with the opinions from stakeholders, to come up with plans, strategies and corporate metrics to manage various challenges and serve the demand of stakeholders appropriately.

2. Stakeholder Engagement

The Company determined stakeholders by considering activities in the value chain, which consist of primary activities



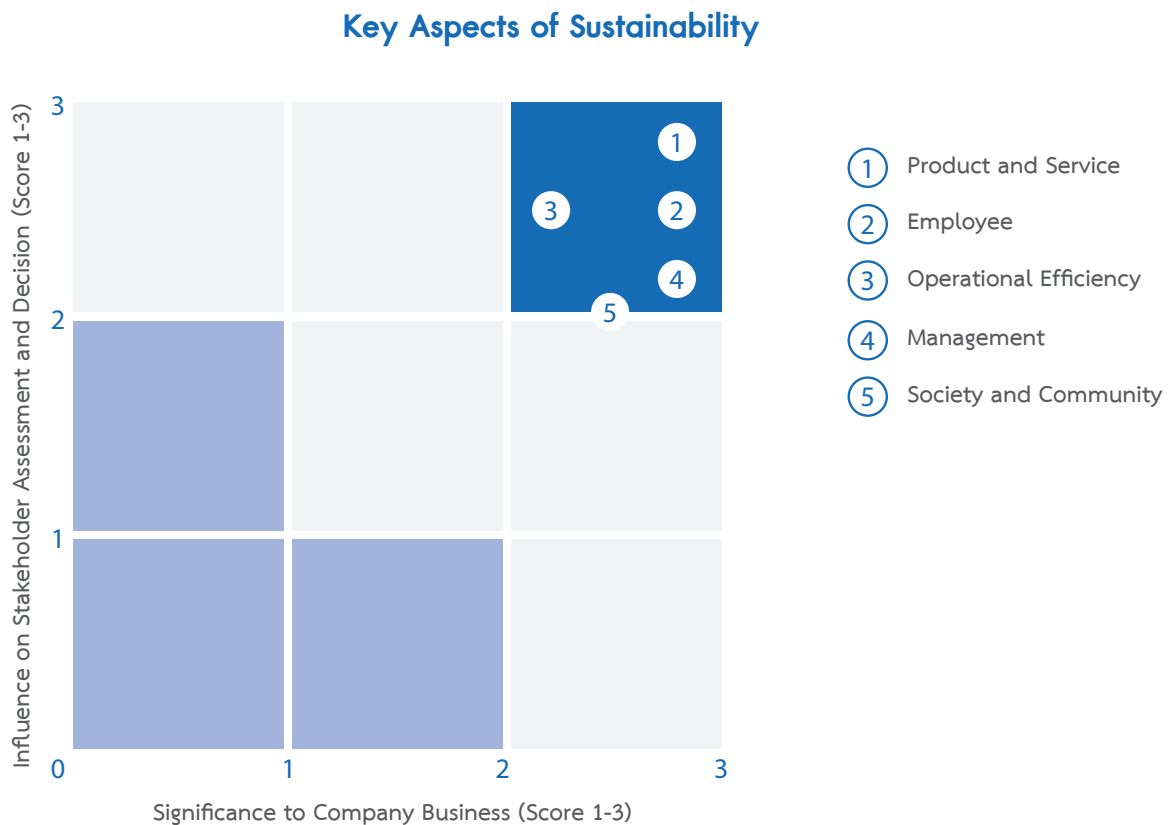
Primary activities included product order placing and manufacturing, product distribution to stores across the country, as well as product sales and services providing. Supporting activities included the development of technology in terms of product management, knowledge improvement of employees, increase of distribution channels, service development, and internal management development. The integrated additional values from all activities would be transferred in terms of the quality of products and services, reduction in lead time for operations, higher convenience for customers, reduction in social and environmental impacts and reduction of wastes and expenses of the Company.

The company examined and determined the key stakeholders by incorporating stakeholders' interests and concerns into the business framework and sustainable development issues. Furthermore, the company provided stakeholders with channels to give comments and recommendations, both in formal and informal forms, and endorsed their engagement. The purpose is to properly serve their needs and meet their expectations.

Step 2

Prioritization

The Company prioritizes issues by using external stakeholders' perspective – such as opportunities and impacts of each issue to the economy, social, and environment – and the Company's own perspective according to the corporate risk assessment criteria.



Step 3

Validation

Present the issues based on their priority to the Corporate Strategy and Sustainable Development Committee to review and approve relevant content to be released to the public in forms of Annual Report and Company's website.

Information Authentication

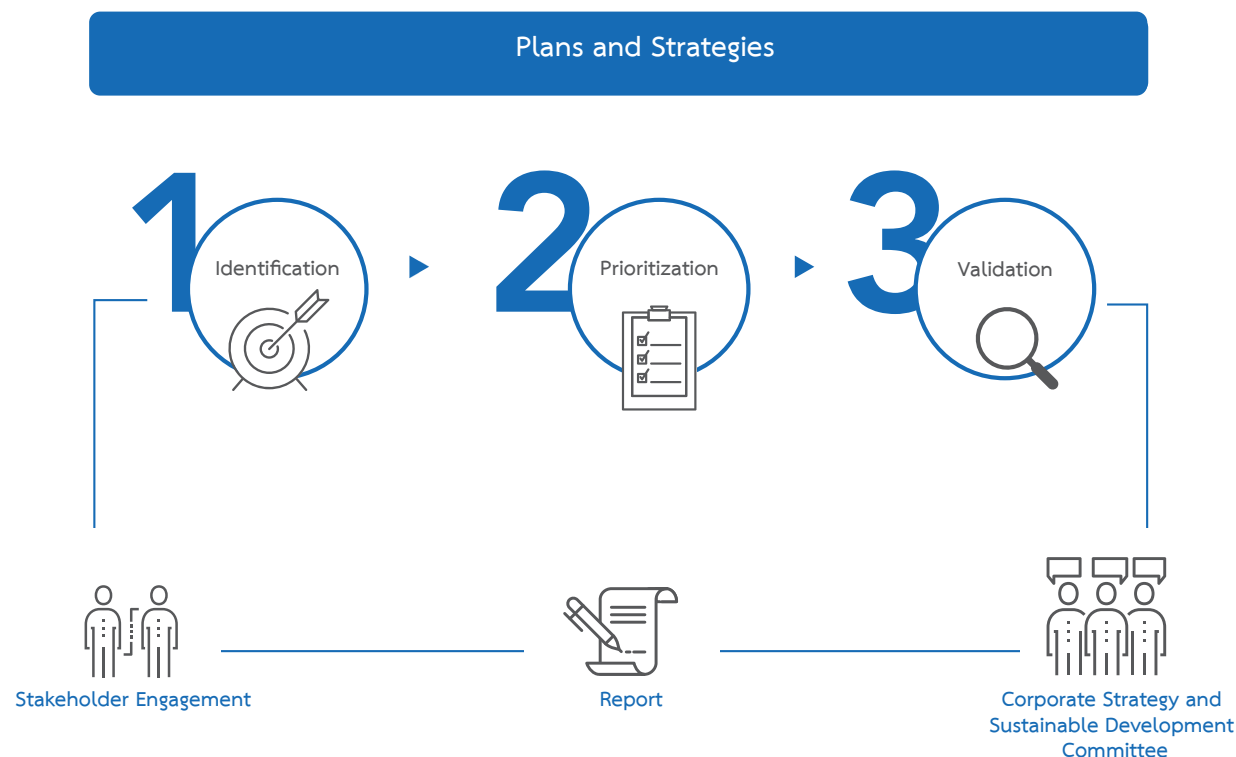
The Company assigned relevant departments, including senior executives, to evaluate and verify the key issues to ensure that they cover economic, social and environmental dimensions.

Inquiries

To inquire further information about this sustainability report, please contact

Corporate Strategy and Sustainable
Development Department
Home Product Center Plc. (Head Office)
31 Prachachuen Road, Tumbon Bangkhen,
Amphoe Muang, Nonthaburi, 11000
Tel. 02-832-1000 (1702) Fax. 02-832-1066

3. Materiality



Step 1

Identification

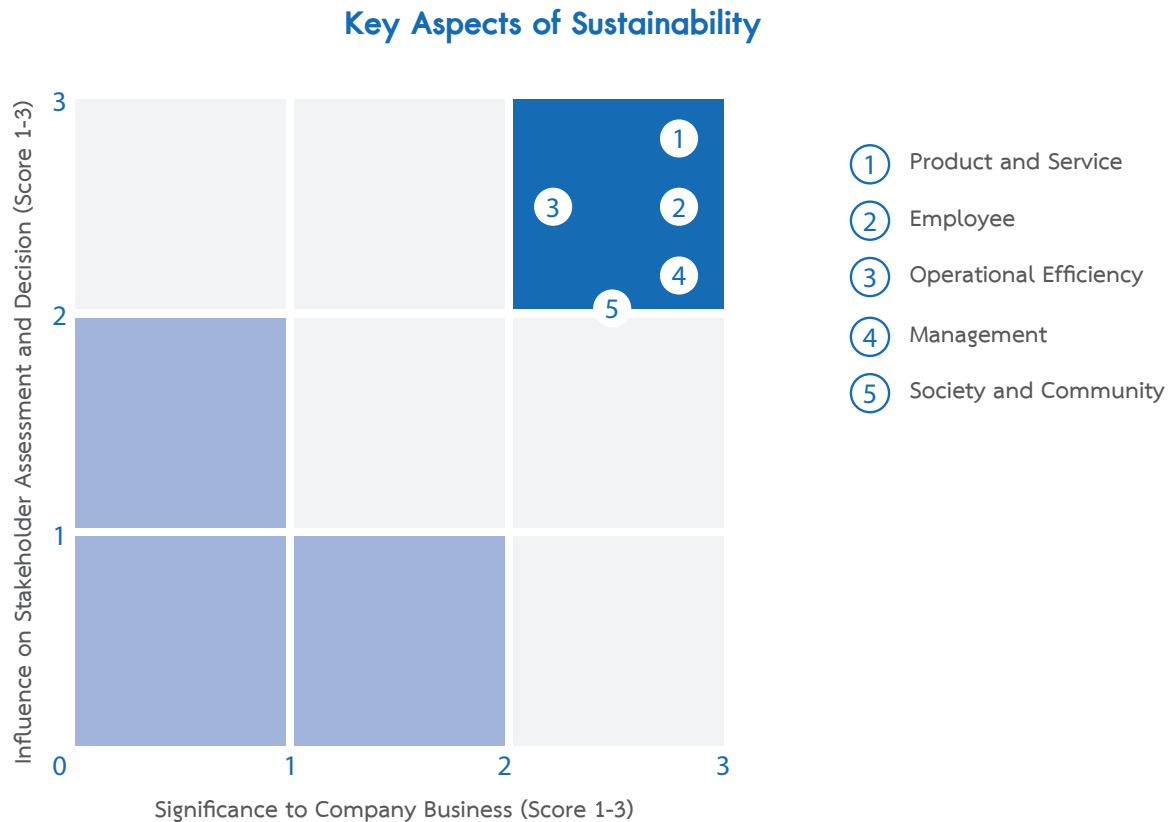
The company analyzed external factors such as global retail trends including related business segment, change in consumer behavior, and trends of market competition, together with internal factors analysis including performance, weaknesses, strengths, risk indicators at corporate levels and key issues from stakeholder's comments and recommendations. In 2017, the 5 main issues are summarized as follows:



Step 2

Prioritization

The Company prioritizes issues by using external stakeholders' perspective – such as opportunities and impacts of each issue to the economy, social, and environment – and the Company's own perspective according to the corporate risk assessment criteria.



Step 3

Validation

Present the issues based on their priority to the Corporate Strategy and Sustainable Development Committee to review and approve relevant content to be released to the public in forms of Annual Report and Company's website.

Information Authentication

The Company assigned relevant departments, including senior executives, to evaluate and verify the key issues to ensure that they cover economic, social and environmental dimensions.

Inquiries

To inquire further information about this sustainability report, please contact

Corporate Strategy and Sustainable
Development Department
Home Product Center Co., Ltd. (Head Office)
31 Prachachuen Road, Tumbon Bangkhen,
Amphoe Muang, Nonthaburi, 11000
Tel. 02-832-1000 (1702) Fax. 02-832-1066

4. Targets and Strategies



	Plan	Performance in 2017	Next Plan
Product and Service			
Customer Satisfaction	Increase customer satisfaction score to 95% in 2020	Customer satisfaction was closed to the previous year at 94.6%	Maintain product standard and quality of services including increases of product and service assortment
Sale-mix of ECO products	Increase sale-mix of ECO products to 30%	Sale-mis of ECO products were 28.9%	Support and source ECO product with high quality, variety and reasonable price.
No. of professional technician team	Increase number of professional technicians to be 1,500 teams in 2020.	Number of professional technicians was 1,133 teams	Maintain service quality and increase number of professional technician teams to meet customer's demand.
Employee			
Employees Satisfaction	Increase employee satisfaction score to 90% in 2020	Employee satisfaction was closed to the previous year at 88.1%	Maintain working framework, "Happy Work" including Happy Home, Teamwork, Think Good Do Great and Stay healthy
Employee training	Provide training and development program to support the Company's expansion by maintain employee knowledge at 96%	Employee knowledge increased to 95.8%	Provide training and potential development programs to create career advancement and to build leaders for the organization's success
Health and Safety	Maintain accident rate per store not more than 0.16 times	Accident rate per store was maintain at 0.16 times	Promote safety habits and arrange Safety Week events. Reduce habits leading to accident-prone for both employee and customers. Safety weeks event continued promoting

	Plan	Performance in 2017	Next Plan
Operational Efficiency			
Energy	Reduce energy consumption 30% within 5 years (2014-2020) and continually improve	Energy consumption per area decreased by 25% from base year (2014).	Create energy conservation awareness in all level of employees
Management			
Business Expansion	Within 2020 95-100 HomePro stores 15-20 MegaHome stores 8-10 HomePro stores in Malaysia	As of December, 2017. 84 HomePro stores (Including HomePro S) 12 MegaHome stores 6 HomePro stores in Malaysia	Continuously expand the stores domestically and internationally to cover target customers in Home Improvement business
Society and Community			
CSR Activities	Acceptance from surrounding communities - Kids' toilets project and Public and Elder' Toilet operated along with store expansion	Implemented as planned - Improve 24 toilets to disabilities	Expand the project to reach more beneficially group.
	- Dual Vocational Scholarship	- Provide 281 scholarships in Diploma degree.	ncrease more educational institutions to participate in the vocational scholarship program



1. Product and Service

The objective of product selection is to provide the best products to customers with the main focus of product quality and values. The Company aims for offering the varieties of products such as LED light bulbs, water-saving sanitary wares, and other new innovative

products to respond to the change in customers' needs. In addition, the Company recognized the service demand so that technicians in 3D design, installation, decoration, fixing, inspection, and maintenance would be sourced for customers to be able to control their budgets and times

1.1 Eco Product

The Company and its suppliers jointly selected and promoted environmental-friendly, energy-saving and safety products with the international standards as well as innovations to meet the needs to customers with environmental concerns. The ECO products consist of 6 categories as follows:



Energy Saving

Products that are energy efficient or utilize electrical energy effectively.



Sustainable Forest

Products manufactured using wood from sustainable forest management.



Water Saving

Water saving products, or products that utilize water efficiently.



Healthy Care

Products manufactured according to safety standards and no harmful to consumers



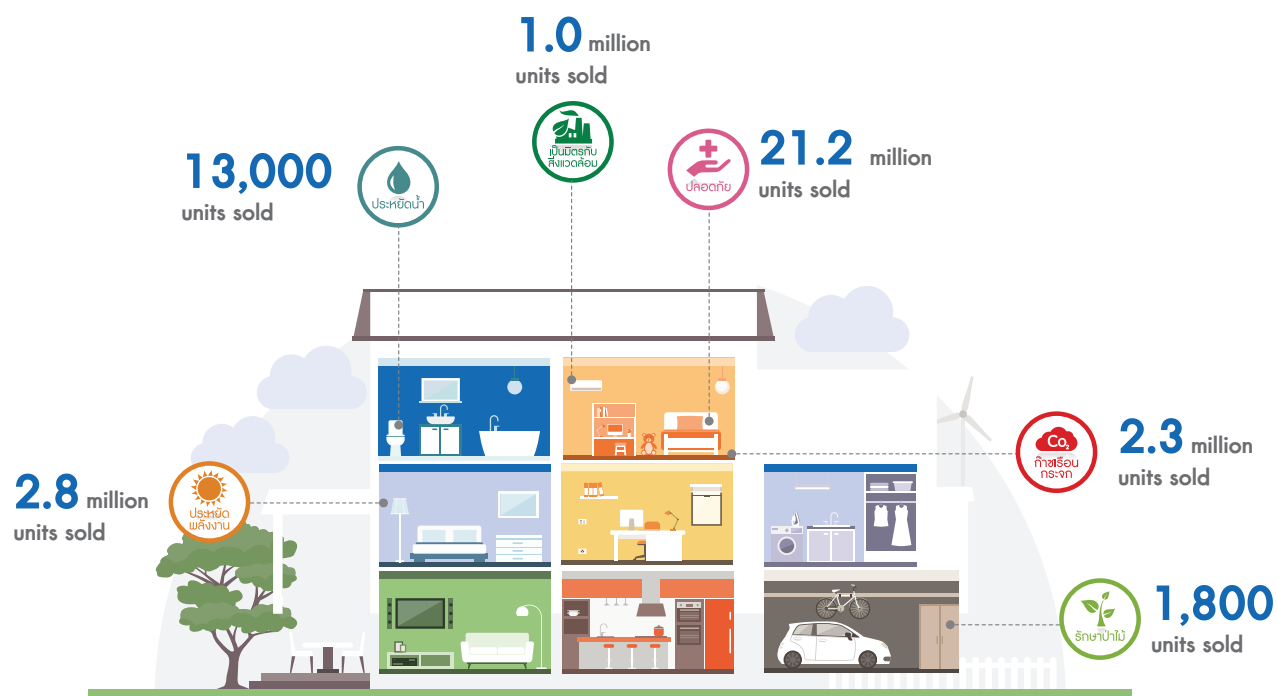
Environmental Friendly

Products that are environmentally friendly, with minimal environmental impact throughout the product life cycle.



Carbon Care

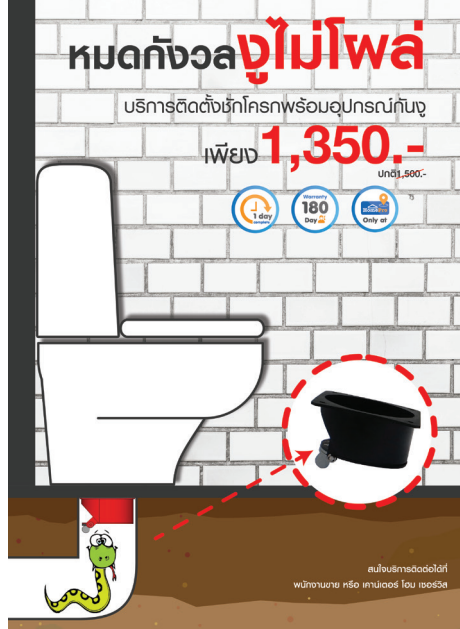
Products manufactured with greenhouse gases emission reduction



1.2 Product Innovation

Thai Kitchen Counter: In 2017, the Company launched the innovative “Thai kitchen counter”. It is durable, lightweight, easy to install, affordable price, moisture proof, fungus proof, insulative and fire proof. Additionally, it is easy to transport as it weighs 5 times less than normal brick.





Snake protection tool: In 2017, the company recognized the growing concern for customer safety while using toilet, since there had been numerous incidents involving snake attacks from toilets. The company invented a snake protection tool to prevent any reptile, such as snake, from coming up through the toilet by installing the tool at the base of the toilet.

1.3 Product for the elderly

Currently, the Company offers products for the elderly, starting from 3D design by the Universal Design Standard qualified experts, installation service, and product consultation for bathroom, bedroom, and living room. The Company built mockup room in Rama 3 store and Chaiyapruet store to demonstrate the appropriate design of the various function room for the elderly.



1.4 Activities to promote energy saving

The Company encourages customers to choose energy efficient products, to help reduce the emission of carbon dioxide gas (CO₂), which is the major cause of global warming. The Company cooperated with the Electricity Generating Authority of Thailand (EGAT) to organize the event “Lod-Dub-Ron” in summer during April to June 2017, which promotes customers to use No.5 Energy Efficient products. Total of 110,000 energy efficient products were sold during this event, equivalent to carbon dioxide gas (CO₂) reduction of 12,000 tons per year. In addition, the Company held “Suk-Jai-Poo-Hai-Pra-Yad-Fai-Poo-Rub” event during November to December 2017 to encourage customers to buy No.5 Energy Efficient products as a gift for New Year. Total of 300,000 pieces of energy efficient products were sold during this event, equivalent to carbon dioxide gas (CO₂) reduction of 17,000 tons per year.



1.5 Service Excellence - Home Service

Most of the Company's products had detailed instructions and procedures that must be communicated with customers. Thus, the Company provided relevant services to customers such as consulting service to help them choose the most suitable products to their purposes. The Company also provided "Home Service" including 3D Design and the 3 main service groups of installation service, maintenance service, home improvement service and Home Makeover Service. Nevertheless, the Company would help provide technicians and contractors, provide convenience to customers through product ex-change, return, fix in any stores no matter which store customers purchase and the Company also has delivery service across country without any charge if delivery point is near to HomePro store in the radius of 30 kilometers, DIY (Do It Yourself) workshop, and other relevant workshops regarding the home care purpose of customers.

Each product type of the Company was designed to suit with each purpose of household use, and these products met the manufacturing standards of environmental concern. Therefore, they had high quality and durability as well as standards regarding pre- and after-sales services. The Service Excellence given to customers was as follows:

Pre-Sales Service

- Provide professional and reliable suggestions on products and services to ensure that customers would receive suitable products with the most benefits
- Provide 3D Design for customers who would like to modify their bathrooms, kitchens, or tiles by professionals who would propose designs to meet the demand and benefits of customers. The 3D Design would help them visualize before making their decisions as well as provide customers the technicians who would also be monitored to complete tasks as scheduled.

After-Sales Service

- Deliver and install electrical appliances and kitchen equipment to customers in accordance with the terms and conditions of the Company in which staff could inform and appoint delivery date with customers on the right date of purchase. Such services of delivery and installation were offered in all stores across the country. Customers could purchase products from any stores, and the delivery and installation would be from the nearest stores to their destinations.
- Provide the maintenance service. The Company would coordinate and send products back to the manufacturers as well as monitor the maintenance process for the convenience of customers.
- Ex-change and refund products in which customers could change and refund products in all stores within 14 days and under the defined conditions.
- Provide the Home Service which was the after-sales service of 3 main service groups including (1) Installation Service, (2) Maintenance Service, and (3) Home Improvement Service and Home Makeover Service. Customers would be given such services from knowledgeable professional technicians in each particular product with controllable their budgets and time.

1.6 Home Makeover

Throughout 20 years, the Company aims for value delivering for both products and services. The Company learns from customers' needs and develops a suitable service which can serve customers' needs. Currently, there are over 5 million existing homes in Greater Bangkok, and some of these residences could not solve with home owner's problem while continually change of lifestyle. Moreover, sometimes, Home improvements could create hard experience and problems for home owner. HomePro, as a leader of Home Improvement product, recognized that problems by develop service to meet customer's expectation which enhance the quality of life and living conditions for Thais by "Home Makeover" service.

In year 2017, in collaboration with businesses partners, the project "Home Makeover" for the second consecutive year by having professionals team from Home Service providing consultation, design, and renovate homes. This was organized as a Reality Show about home improvement by selecting 10 houses that were affected from change of lifestyle such as difference in lifestyle between younger generation and elderly in the same family. The Company solves these problems with free of charge. This program started broadcasting on the channel Voice TV on September 2017 and has progressed continuously.

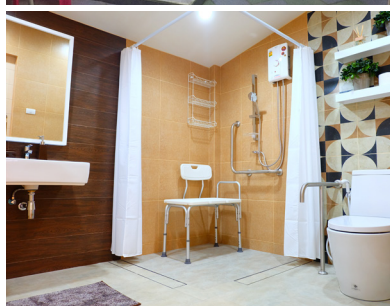
“

Mother : I feel so lucky. Since I was born until 73 years old now, I've never had such a good home like this before. The living area is well divided. I'm happy to see that the home is safe and comfortable. After renovation, my husband can stand-up on his own and also can walk after being bedridden for 5 years.

Petcharee : Home renovation makes my father want to walk and can take care himself. My mother can rest more than before and does not need to worry that my father will fall. I feel that my home is safer and more comfortable. The design of the house really answers our life styles and makes our life really much better.

”

Petcharee Huaihongthong
and Family
Getting-Up Father Episode





1.7 Lady Service

Currently, there were large numbers of elders and ladies staying alone, so the Company recognized the importance of security and safety. The lady service was then adopted by providing female technicians who would be trained for services of installation and maintenance of electrical appliances in which in 2017, there were female technicians for the lady service of 89 teams supporting services of 25 stores in Bangkok metropolitan region and 5 stores in upcountry.

1.8 Other Services

Emergency Service

In 2017, the Company developed home service to solve customer's home problem by launching "Home Service Pre-Paid Card", which is a 24-hr home assistance. The card must be topped up before using any service. The services include cleaning service, home check-up, home appliance installation, safety services, and decoration e.g. curtain rails, wallpapers, etc. 24-hr assistant service for power outage, electricity shock, malfunctioned water pump, broken PVC water pipe and more are provided to Pre-Paid Card holders. In addition, Quick Service for calling in technician urgently is available from 8.00 a.m. to 6.00 p.m.

Tracking service

The tracking service helped control the service quality provided to customers in terms of delivery and installation by setting up the tracking center to track delivery trucks and installation teams with GPS and home service by using the program for quality check via a tablet or a mobile that could help monitor a technical team in real time.



1.9 Responsibilities to Customers

Customer Information Confidentiality

The Company recognized the importance of privacy and protection of personal information of customers so that all customers' information would be kept confidentially and stored in the database with the different level of authorization to access, save, and edit such information. If customers would like to request or correct their information or to use their privileges upon member cards, they must show their ownership by presenting their identification cards for the investigating process before the accession.

Responsible Communication and Customers' information Security

The Company focused on responsible marketing communication and privacy of customers' information particularly promoting through PR activities or online communication. The Company respected customers' privacy and gave them a choice to unsubscribe news and data as well as maintained the information accuracy.

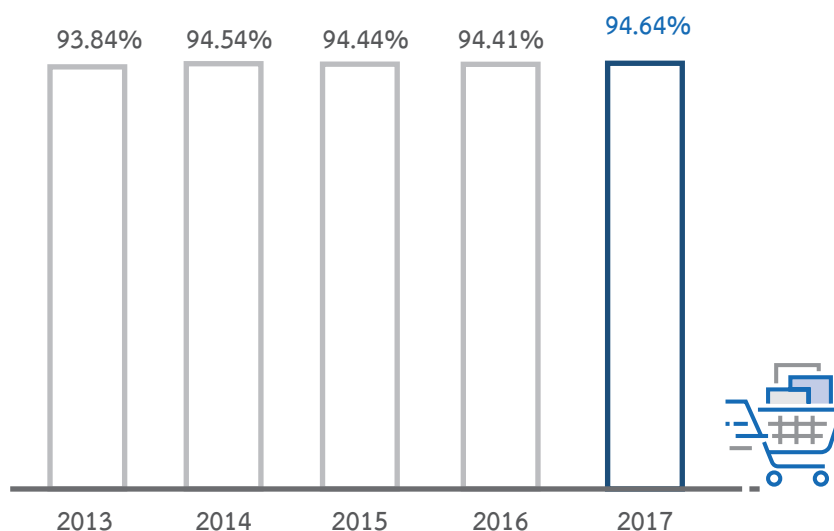
In 2017, the Company found no case of misconduct and violation relating to marketing communication.

There was also no complaint significantly relating to the violation of customers' privacy.

1.10 Customer Satisfaction

The company evaluates customer's satisfaction for the products and services, and quantitatively targeting to enhance customer's satisfaction. The company continuously analyzes the evaluation results to improve products and services as well as to develop business processes of the company.

Customer Satisfaction Level



2. Employee

The Company believes that employees were the most valuable resources and factors driving the strategy of the organization to achieve the goal. Therefore, the Company focused on the importance of care and development of all personnel in accordance with human rights without the discrimination of gender, age, skin color, and other characteristics, along with the importance of management that takes into account fair compensation, basic welfare and building a great company culture. Furthermore, the company also intends to enhance employees' capabilities and development in their respective career path, in order to promote a stronger bond between the employees and the Company, as well as motivating them to perform their duties with their utmost abilities.

2.1 HomePro Culture

The Company has set the organizational culture for all HomePro's employees to serve as a guideline for their conduct and work procedure in order to achieve the vision and missions as planned, by aiming such cultures to be integrated with employees' lifestyle as a part of their daily life. To enhance and develop employees' knowledge and capabilities, to dare to think and act and be adaptable to changes in all aspects, so that the Company can move forward and develop itself steadily and sustainably. Presently, there are 5 HomePro Culture as follows:

Customer First

Excellent service comes from within, from service-minded. The foundation of outstanding service starts with the heart, passes through the thinking process, and leads through action and behavior.

Teamwork

Goals can be achieved through teamwork. No individual can succeed by oneself. Working together as a team can bring about success as well as achieving goals.



Think&Act as HomePro

Everyone comes from different backgrounds. However, the determination in self-improvement will eventually lead to success.

Passion

"Where there is a will, there is a way". No great work can be achieved without great determination and endeavor

Integrity

Integrity is doing good deeds even no one watching. The determination in doing things righteously will always be recognized. Integrity comes from self-respect and believing in doing the right things

To successfully build the organization to grow sustainably through cultivating corporate culture in 2017, the company selected Customer First as the focused culture to transform perception to empirical action. Emphasize on desirable and undesirable behaviors until the culture becomes accepted and adopted as the daily habit for how to treat external and internal customers. In addition, the Company plans to continuously implement other focused culture into standard practice.

2.2 Recruitment and Employment



The Company complies with policy of equal treatment to customers, full-time employees, part-time employees, suppliers, and stakeholders. The Company recognized and respected human rights without any discrimination of gender, religion, skin color, origin, disability as well as accepted the differences of idea, societies, environmental conditions, traditions, norm and cultures in each location where the store are operated.

The Company respected human rights in workers' welfares, no child labors, against on forced labor, determination of working hours, overtime (OT) and holidays in accordance with the Labor Law. The Company also legally hired foreign workers with the international standard for human rights. Additionally, the Company and its subsidiaries promoted non-discrimination in gender even for the management. It also focused on performance, experience and the evaluation for job promotion must be considered by the Committee. This also applied to the Company's subsidiaries.

Consequently, the Company recognized the important of human resource development, educational support as well as staff recruitment from the proper source in accordance with the specified recruitment process in order to facilitate the employment under the reasonable time frame and the target achievement. There were also various systematic recruitment processes to select talented and good employees such as:

- Personality Test to evaluate the personality matching each position. Supervisor Test would also be required for the management level and above to evaluate the supervising skill.
- Competency-based Interview was used by interview Committee to ensure that the Company would hire personnel as required.
- Management Trainee campaign to select the new generation of management.
- Store Management Trainee / Internship to prepare labor force with appropriate skill according the job requirement.

Employment for the Disabled

The company has equality of employment policy by employing disabled according to the employment law of the disabled. The company also support and promote disabled to work in the same position as normal people such as sale; maintenance, call center, delivery service, administration, etc. In 2017, the company has 89 disabled employees.

“

"During the first period of working in lighting section, I feel awkward as I was not able to work well with all my effort, but once I was trained by my supervisor and colleagues, I start to work more efficiently. This is a good project that makes elders proud, not only by earning income and self-care, but also to not rely too much on family and community. Thanks to Homepro for initiating this project and making elders like me not feeling lonely and appreciate the value of living."

”

Mr.Jinda Chaengaroon (65 years old)
Elder employee,Lighting
and Eletrical Accessories.

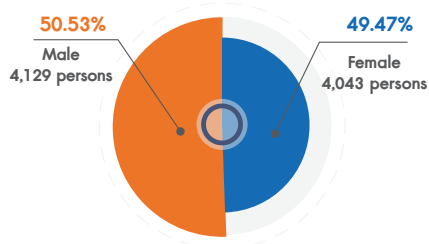


Employment for the Elderly

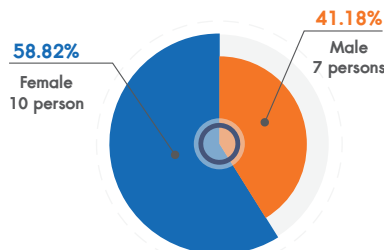
In 2016, the Company joined the business network of Corporate Social Responsibility towards the Elderly group, to develop an Age-Friendly Business in collaboration with Thaipat Institute, Department of Elder Persons, Ministry of Social Development and Human Security. The Company has recruited elders as service personnel's both at stores and at head office. Currently, there are 19 elders working in 15 branches of HomePro.

Employee Profile

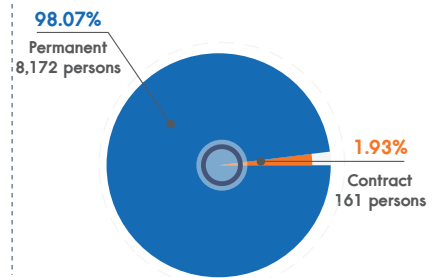
Employees by Gender



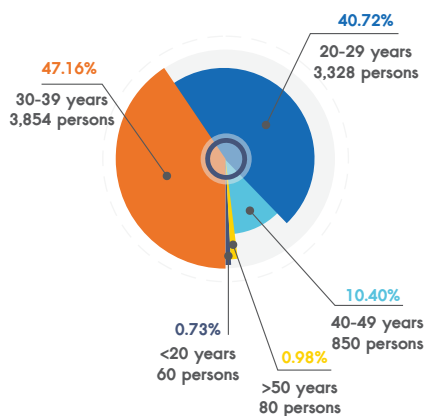
Management by Gender



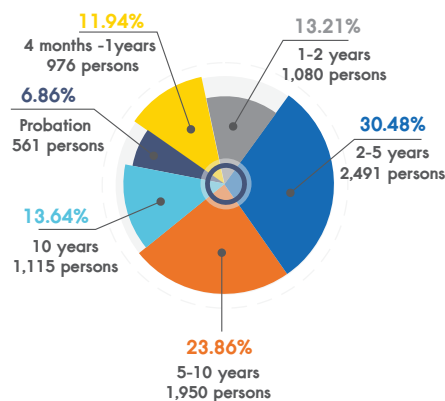
Employees by Type of Employment



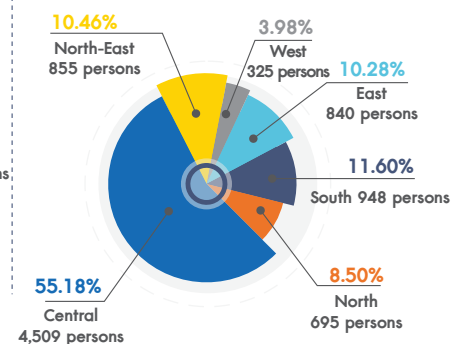
Employee by Age



Employees by Year of Service



Employee by Region



2.3 Happy Home Town (Suk-Jai-Kai-Ban)

The Company provides the opportunity for employees to go back to work in their domiciles under program “Suk Jai Klai Baan” to enhance their happiness. Currently, there are 1,157 employees participating in this program.

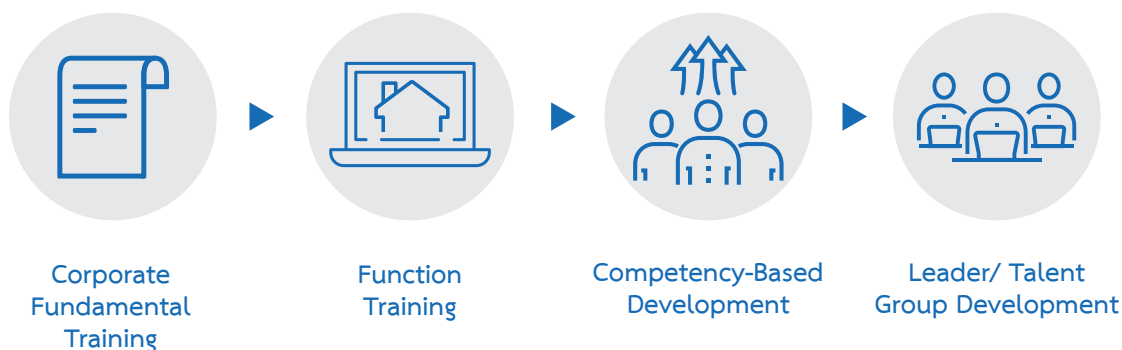
2.4 Increase of Capabilities in Knowledge and Skills



The Company prioritizes personnel development and put it as mission of the organization to continuously enhance the potential and working efficiency of employees in all level to support the growth of the business. The Company designs various systems to adapt to any possible changes e.g. using the Experiential Learning, increase the proportion of On-the-Job Training which is a real situation coaching that allows store manager to share knowledge, experience, best practice, and other information to new employees. Reduce classroom training on functional areas, as well as create coaching and mentoring culture within the organization. In addition, the Company also supports managers, since the starting level, to become trainers which helps reinforce their self-development as well as the development of others. This process can also transform tacit knowledge into explicit knowledge by keeping it as media and teaching material for publication in the organization. In addition,

the Company has Digital Learning where employees can access training materials via smart phone, tablet, and computers anywhere, any time. The Company invests in technology by arranging conference rooms in every store to provide quick and timely training from the training center, as well as reduce commute time for employees. For soft skills development that requires classroom training, the Company brings in 70:20:10 model as the core concept by focusing on workshop to easily transfer knowledge, as well as follow up training results and practical application so that the Company can analyze and improve the course content. Training teams supervise and develop specific training courses.

Training and Personnel Development can be categorized into 4 parts as follows:



1. Corporate Fundamental Training (15 courses) in all areas such as safety, team or psychological development, and other areas supporting the international business expansion including English course.
2. Function Training (48 courses) to ensure knowledge and skills of employees to be able to work in their responsible functions.
3. Competency-based Development (9 courses) to enhance capabilities of employees to be able to work in more detailed functions.
4. Leader/Talent Group Development (7 courses)

In order to monitor and evaluate the development of employees, the Company set the 3-level mentor and evaluation systems as follows:

1. Efficiency such as the efficient training, training satisfaction, and lecturers' skills.
2. Effectiveness such as the increase of knowledge and change in behavior by the Knowledge Survey Check of each store at least once a year
3. Impacts on business such as the increase of sales and customer satisfaction in which the Company has monitored the results from sales values or customers' satisfaction after training.

Digital Learning



Technology plays an important role in organization development in many aspects. Thus, the Company has developed a Smart Phone base training system under the concept of “Learn Everywhere Anytime” called Digital Learning. This important learning tool consists of short, concise, and interesting content for employees, not only to provide the understanding and practical application, but also to serve as the center of knowledge in which employees can use for coaching and sharing within the organization. Digital Learning consists of 4 parts as follows:

1. Basic Functional Skill: Basic knowledge for regular operation. To inform employees about important basic information under the same standard e.g. daily operation procedures, product knowledge for each department, customer service standard, etc.
2. Best Practice: Case studies from real events that occurred in the Company. Introduce innovation from employees to employees within the organization for learning and further application.

3. Self-Learning: Information and technique for enhancing work efficiency e.g. promotional information, Home Service, sales technique, customer service technique, etc.
4. Interactive: Activities that promote and build good relationship among employees e.g. opportunities for employees to share idea, working style, and chance to participate in many activities to win prizes during festivals.

Details of training and personnel development are as follows:

Training and Development	2017	2016	2015	2014
Training and Development Investments (million THB)	11.0	7.08	6.09	8.89
Training Statistics				
Classroom (person)	5,314 ³	11,781	13,523	21,953
OJT ¹ (person)	1,690	1,802	1,633	823
Digital Learning ² (person)	19,86 ⁴	-	-	-
Classroom (hour)	51,491 ³	106,006	106,818	183,823
OJT (hour)	489,448 ⁴	585,560	508,640	207,396
Digital Learning (minute/person)	16.14	-	-	-
Average Training Hours per Participant per Year (in room)	48.72	77.24	69.06	45.04
Knowledge of Branch Staff (After Training)	95.4	95.8	91.9	96.25

Remarks :

1. OJT (On-the-job Training) was the in-store training by supervisors.
2. In 2017, the Company has policy to train employee through Digital Learning under the concept of "Learn Everywhere Anytime".
3. In 2017, training hours and participants for classroom training decreased because in 2016 Digital Learning tools are used to substitute classroom training.
4. In 2017, training hours for OJT decreased due to less store opening.

Career Path

Career path management was a tool for systematic employee development. There was also the assessment on core competencies in core divisions that mainly drove the business such as operational, purchasing, and inventory management. The talent group was also developed by considering knowledge, skills, and other components such as knowledge and performance, capability, working experience, years of services and personality. This was also one of the management systems that could lead to the clear development path and potential growth of the Company. Moreover, this would encourage employees for self-improvement and build good engagement with the organization.

Apart from the employee development through training, the Company has developed the plan of career path for individual career growth along with the business expansion both locally and internationally. The Individual Career Development Plan of each employee would be directed by their supervisors including;

- Individual Career Plan – the projection of short-term and long-term career growth of employees considered by current competencies comparing to the expectation for a higher position.
- Individual Development Plan (IDP) – the determination of employees' skills that should be developed with the procedures defined in the Individual Career Path Plan such as in-store training, on-the-job training, coaching, and Project Assignment.

Employees would be monitored on their IDP and receive feedbacks from their supervisors every 6 months. It would be in terms of development progress and discussion between employees and then supervisors to continuously develop capabilities for the future career growth. The capability assessment would be the same in all levels and positions for employees to freely rotate to related positions in the future, and it was divided into 3 areas including performance indicator index, management capability, and core value of organization.

The result of capability assessment would be included in the consideration along with the annual performance assessment and presented to the management for the promotion and compensation for talent group, and creation of successor, which was one of development plans for the development of leaders along with the growth of organization.

2.5 Retention and Engagement

The Company annually surveys the employee satisfaction and brings the results to develop the working environment. In 2016, the Company has implemented policy and activities under the objective of “Happy to Work” including Happy Home town, Teamwork, Think Good Do Great, and Stay Healthy as in which the following operational plans.

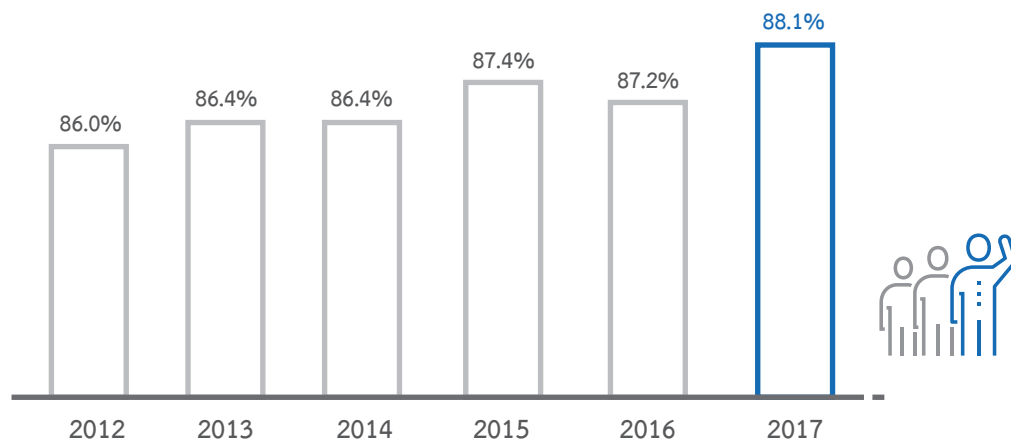
- Provide welfares above the labor market level including cost of living, fuel cost, linguistics ability, position allowance, provident fund, phone bill allowance, health insurance, accident insurance, uniform, maternity clothes, allowance for purchasing products in staff prices, emergency financial support, patient visiting basket, financial support for marriage and funeral for both employees and relatives, and employee scholarship.
- Involve technology in Human Resource Management System (HRMS) in which employees could manage by themselves (Employee Self Service) for checking working profile, taking leave as well as welfare disbursement. The system would help reduce the approval process so that employees could efficiently

manage their time attendance with accurate and prompt payment compensation, and this was the result of openness for employees’ feedbacks to improve the system.

- Respect employees’ rights without prohibition to establish or participate in the labor union. Moreover, the Company was open for giving advice to employees in all aspects of both working and personal issues. There is no prevention on individually or group discussions, by allowing employees to communicate directly with their supervisors, or through committee representatives. The discussion could be done with human resource team, supervisors, representatives, or complaint channels for the human resource division to develop all areas in such that employees could receive the guideline and participate to solve when the issues arises. However, there has been no labor union with the organization, and none of the Company’s employees has participated in any labor union.
- Improving the workplace to be more modern and decent in order to accommodate the increase of employees such as canteen that was controlled regarding hygienic and cleanness of food, drinking water, plates, and containers. There was a policy to offer food at the subsidized price, providing indoor garden to feel relax, and fitness room that was open daily from 06.15 – 22.00 hrs. as well as multi-purpose room for seminar and other staff activities.
- Allow employees to gather and form clubs as preferred and volunteered such as sports club (football, yoga, badminton, table tennis, and fitness).
- HomePro Low Fat activity was organized to raise awareness on employees’ health by measuring Body Mass Index (BMI) of selected employees whose health may be at risk, by provide training on building good health habits. Additionally, awards are given to winners participating in self-care

With the aforementioned operational performance, the employee satisfaction rate has risen to 88.1% in 2017.

Employee Satisfaction Level (%)



10th and 20th Year-Work Anniversary Awards

The Company recognized the value of employees which is a key factor in the business operation. Aside from taking care of employees e.g. provide salary and welfare not less than as required by the labor law. The Company also has a policy of awarding as recognition and moral support to employees who work with the Company for 10th and 20th year-work anniversary for their dedication for a long period of time. In 2017, the Company organized the event to award employees who had service year for 10th and 20th anniversary as follows:

	10 th Anniversary	20 th Anniversary
Head Office	26	14
Stores	161	15
Total in 2017	187	29
Total accumulated employees since the Company's establishment	1,185	66



“

Homepro is a big house that provides me knowledge and security, helping me to own my little house today. Thank for every opportunity, warm welcoming friendship and corporate culture that shaped me into the one within this house.

”

Ms. Umaporn Lapoonsri
Electrical Merchandise
20th Year-Work Anniversary

2.6 Safety and Health

Safety and health of employees were important so that the Company focused and managed the proper environment in the workplace. The Company selected the toxic-free equipment to prevent pollution and chemicals during the operation process for health safety in short and long terms such as Back Support belts for staff lifting tiles and heavy materials and ventilators for Back Stock areas. Furthermore, the Company constantly measured the working environment such as the brightness measurement of light.

Besides, the safety policy in the workplace was responsible by the particular team to train, provide knowledge, monitor, and give advice to employees regarding the working environment as well as to evaluate risks arising from equipment, to promote activities relating to safety of work, and to monitor the result. Furthermore, the Company extended the policy of safety to cover major suppliers in the supply chain in which one of them was a contractor who played the main role in construction projects. For instance, regulations upon safety would be specified in a contract that a contractor working with the Company must strictly follow the safety checklist and provide a security guard at a construction site as well as hire an external consultant certified by the standard of ISO 14001 for the additional investigation apart from the weekly investigation by the project manager of the Company. Moreover, safety would also be provided to contract workers of a subcontractor to be aware of human rights such as no child labor, legal foreign workers with work permits, and no compensation exploitation. Additionally, contractor must provide proper facilities for workers such as toilet, bathroom, washing room, canteen, store, childcare room, accommodation, and safety training. All contractor must also provide life insurance to their workers in case of death while working, additional to what is defined by the law.



With numerous campaigns and emphasis on safety, the Company received awards relating to health, safety, and working environment from various organizations as follows:

1. “Zero Accident” Award from Thailand Institute of Occupational Safety and Health (Public Organization), Bronze prize in 11 stores and entry level prize in 44 stores
2. Management of Safety, Health, and Working Environment Activities Award for Small and Medium Enterprises from the Department of Labor Protection and Welfare. The Company received Gold prize in Udonthani store, silver prize in Nakhonratchasima store and Hualae store.
3. Management of Fire Protection and Prevention Promotional Campaign Award for Service Enterprise (Hotel, Hospital, and Department store) from the Department of Labor Protection and Welfare. The Company received Gold prize in 7 stores; Rama 2, Petchakasem, Chaiyaphum, Kaoyai, Petchaburi, Samutsakon, Chaengwattana store.

Accidental Rate (time per store)

	2017	2016	2015	2014	2013	2012
Accidental Rate ¹	0.16	0.16	0.16	0.20	0.20	0.21
Lost time Injury Frequency Rate : LTIFR ²	0.28	0.33	0.26	0.32	0.36	0.44
Lost time Injury Severity Rate: LTISR ³	2.44	2.65	2.60	4.77	2.95	5.02
Fatal Accident (time)	0	0	0	0	0	0
Death (person)	0	0	0	0	0	0

Formula

1. Accidental Rate = Number of accident / Number of stores

2. Lost time Injury Frequency Rate = (Lost time Injury Frequency X 1,000,000 hour) / total working hours

3. Lost time Injury Severity Rate = (Lost time Injury Severity X 1,000,000 hour) / total working hours

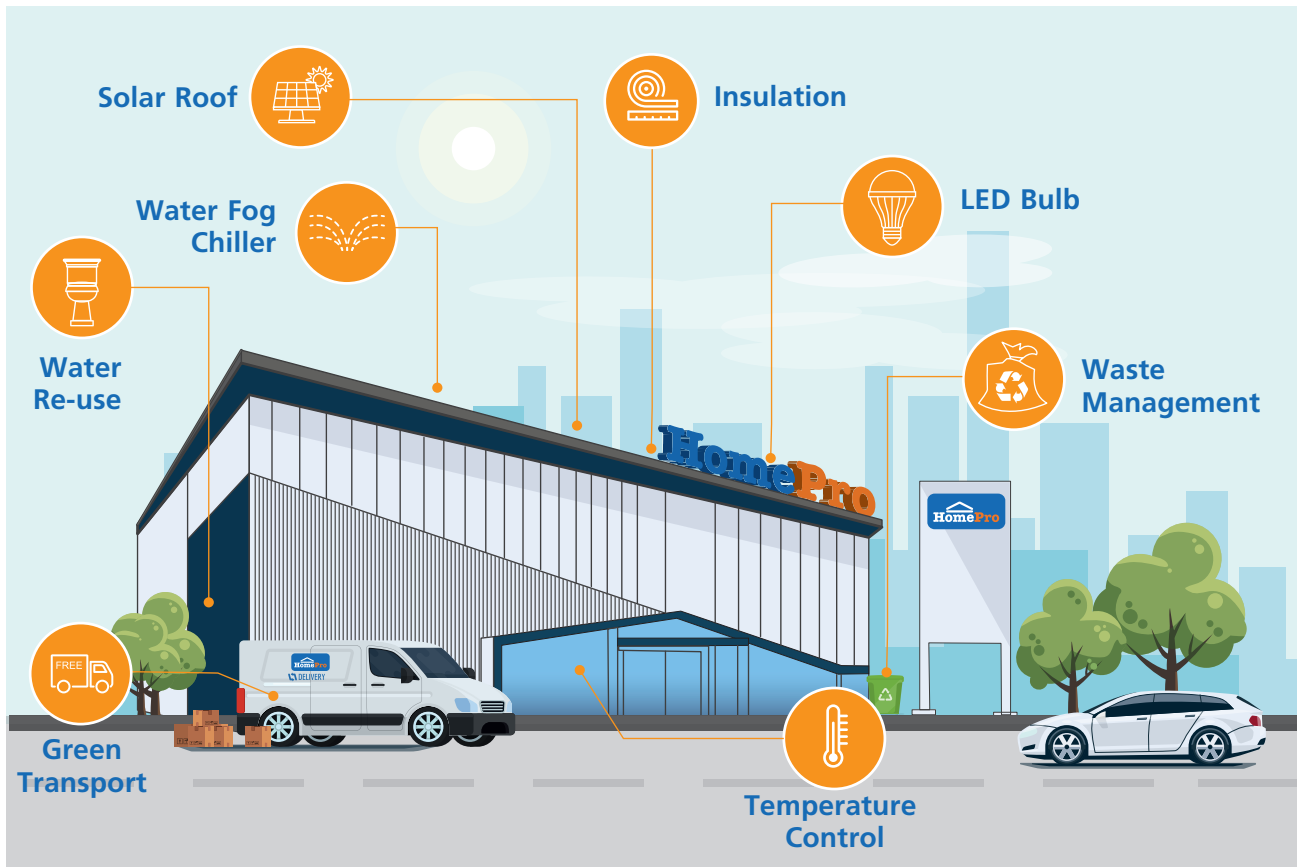
Guideline to Zero-Accident Goal





3. Operational Efficiency

As carbon dioxide (CO₂) was one of greenhouse gases causing the global warming potential, the Company was well aware of such issues for energy management, especially in energy consuming activities such as electricity consumption and transportation that affect carbon emission. Hence, the Company has developed and improved its environmental performance in which it would not only help reduce the impact on environment but also the costs reduction leading to the higher efficiency of the Company



3.1 Electricity Consumption

The Company recognized the importance of environment along with economic and society in accordance with the internal management of cost reduction, especially in energy costs. The Company then set up the guideline in energy consumption for all related parties as well as frequently monitored the environmental impact by forming the team to formulate a plan, monitor, and evaluate the effectiveness of environment-related operational processes in the following areas.

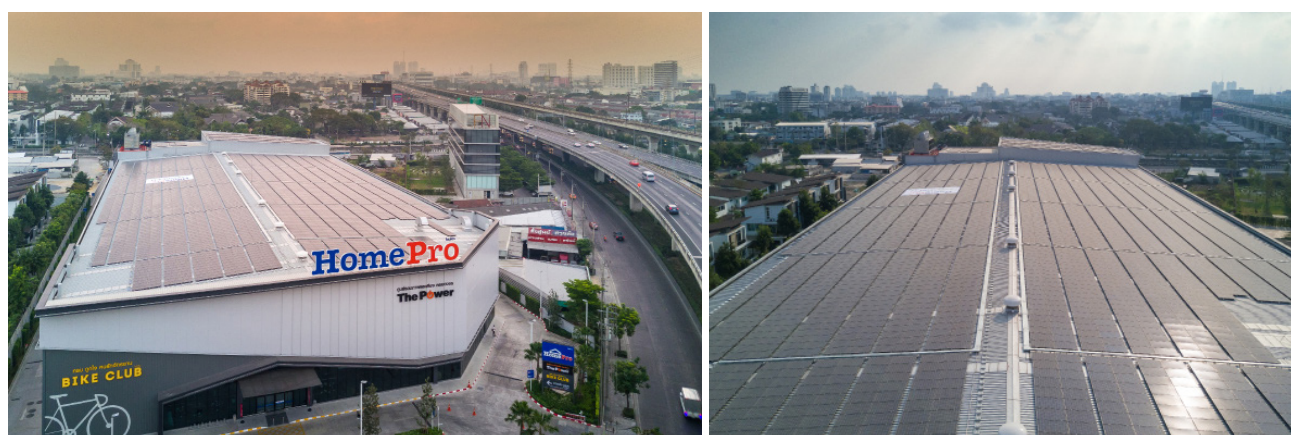
In 2017, the Company adopted power-saving techniques into many stores leading to a decrease in the overall power consumption. The Company also simultaneously compared the index of Specific Energy Consumption (SEC). As a result, the power consumption has decreased by 17 GWh/Sq.m. or 5.80% from the previous year.

Year	No. of Stores used for calculation	Electricity Consumption (GWh)	Electricity Consumption per area unit (kWh/Sq.m.)
2013	51	127	394
2014	63	155	370
2015	72	159	307
2016	76	158	293
2017	80	158	276

Measure to reduce electricity consumption in 2017	No. of Stores	Amount of Electricity Reduced (kWh)	Amount of Ton CO ₂ Reduced
Change from Hibay T5 3x28W to Hibay LED 40W	3	47.49	27.64
Change from fluorescent tube 28W, 21W, and 14W to LED 18W, 13W ,and 9W	62	4,327,405	2,518,982

Remark: kg CO₂ / kWh = 0.5821 reference from Thailand Greenhouse Gas Management Organization

3.2 Solar Renewable Energy



Solar Cell can transform solar energy into electrical energy. The electricity generated from solar cell to DC (Direct Current) can be used instantly. In 2017, the Company installed solar panels to generate electricity for its own use in 18 stores including MegaHome stores at Rangsit, Chiangrai, Bowin, and Minburi; HomePro stores at Prachachuen, Petchkasem, Rayong, Chonbuli (Amata), Nakhonpathom, Nakhonratchasima, Mahachai, Chiangmai (Sansai), Sriracha, Phuket (Talang), Pattaya (North), and Chaipayruek, Market Village Center at Suvarnabhumi and Huahin.

Year	No. of Stores with Solar Roof	Electricity Production (kWh/year)	CO ₂ Reduction (tCO ₂ e/year)
2015	1	459,681	391
2016	11	15,917,066	8,729
2017	18	25,693,080	14,571
Total	29	42,069,827	23,690

Remark: 1. In 2017, solar roof was installed on HomePro Chaiyapruke store, in addition to the solar panel that was already installed at the parking area back in 2016.

2. CO₂ commission from electric by production in 2016 tCO₂/MWH = 0.5661 and 0.5692 tCO₂/MWH reference from Thailand Green House Gas Management Organization.



Thailand Voluntary Emission Reduction Program : T-VER

In 2017, the company was registered in the voluntary greenhouse gas reduction program of Thailand (T-VER) and received carbon credit certification from Thailand Greenhouse Gas Management Organization (TGO) for Solar Power program on the roof of Home Pro and Mega Home Stores (12 branches in total), which were installed during 2015 – 2016.

The company also promoted the public to understand the importance of alternative energy by encouraging people to install solar panels on their houses to generate electricity, either for own use or to sell back to the government. In this regard, the company organized

“Invest in Independent Solar Roof with SPR” seminar for those who were interested, with the collaboration between Mr. Khunawut Thumpomkul, Managing Director of Home Product Center Public Company Limited; and Dr. Wandee Khunchornyakong Juljarern, Managing Director of SPCG Public Company Limited. The seminar was held in the Phoenix Room 1-3, Impact Muang Thong Thani. The purpose of this seminar was to provide the knowledge, understanding and preparation advice for installing solar panels to the public. It was the fourth time that the company hosted this seminar. There were over 95 attendees.



3.3 Carbon Footprint

The Company began implementing the carbon footprint project in 2015 by having HomePro Lum Luk Ka store as the first home improvement retailer in Thailand to receive the Carbon Footprint registration and the Carbon Logo from Thailand Greenhouse Gas Management Organization (Public Organization), or TGO, as well as compensated for carbon emission to be Carbon Neutral. In 2017, the Company expanded the project to 71 HomePro stores and DC Service Center Company Limited (Distribution Center).

Details of Carbon Emission of Home Product Center Public Company Limited are as follows:

Carbon Emission	Volumn (Ton CO ₂)		
	2015	2016	2017
Scope 1	1,102	1,013	1,102
Scope 2	91,040	85,026	91,040
Scope 3	23,225	23,339	23,225

3.4 Water Management

Sources of water used for the Company's operations were from tap water, groundwater, and recycle water in which it was mainly used in stores, offices, rental stores, cleaning parking areas, and watering plants. Additionally, the Company has been trying to reduce the water consumption by assigning the maintenance division to check water pipes, meters, and other equipment every month. The Company also installed water-saving sanitary wares, faucets, and bidet showers as well as changed faucets to be with the sensor system and set the proper time for each time water flowing. Moreover, the Company chose water from natural sources such as artesian wells for watering plants (with the grant of the government).

Details of water consumption are as follows:

Year	No. of stores included in the calculation	Water consumption (cubic meter)	Water consumption per store (cubic meter)
2015	72	930,644	12,926
2016	76	872,480	11,480
2017	80	858,083	10,726

Water Treatment

Water used in all systems must be treated and measured with the standard of Ministry of Natural Resources and Environment before releasing to public drain pipes, and some would be recycled and used in watering plants. For new stores, the Company replaced the original water treatment system of Conventional Activated Sludge (CAS) by Membrane Bioreactor (MBR). To compare water pumps, MBR's pumps were 35% smaller and could reduce the treatment time for one-thirds. Furthermore, MBR could block large-size bacteria, and the system could be easily enlarged without removing the existing system as well as could help reduce the investment cost up to 0.8 million THB per project.



3.5 Waste Management

The Company had the waste sorting process by dividing wastes into 3 groups including (1) recycled waste, (2) wet waste, and (3) chemical waste. To manage recycled wastes such as paper, plastic, and glasses, the Company will categorize recycled waste and offer an auction with waste recycle operators every 6 months or 1 year according to the change of waste prices. For wet wastes, they would be separated and stored in the particular room with air conditioning to maintain the temperature in order to control smells and the growth of bacteria, and they would finally be collected by the municipal authorities every day. For chemical wastes, such as light bulbs or lubricants, the Company would also separate and return to contracted vendor for the proper toxic waste disposal.

In 2017, the company participated in the Public-Private Partnership Project for collecting hazardous waste and electronic waste, under the guideline of “Public-Private Assent, Hazardous Waste Disposal”, which is a collaboration between Pollution Control Department, Ministry of Natural Resources and Environment and 12 private agencies. This project was intended to promote awareness about safe disposal of hazardous waste. The company has set up 5 hazardous waste disposal points (or Drop off) for 5 types of waste including mobile phone battery, mobile phone, battery, fluorescent bulb, and contaminated container such as spray bottle. These disposal points are meant for proper waste collection of Bangkok Metropolitan Administration, and to prevent leakage from harming the public health and the environment.

Besides, the Company encouraged people to reduce the use of plastic bags by offering home card points to those who purchased without taking the plastic bags.



In 2017, there were over 1,520,219 participants. As a result, more than 1,911,368 plastic bags had been saved.

3.6 Ecological Management

The Company plans to continuously open new stores which may affect the ecosystem. The Company recognizes the importance of biodiversity and values environmental restoration. Therefore, the Design Division of Business Development Department has been assigned to survey and study the ecosystem around the construction site of new store, and to maintain the ecological balance in a proportion that is appropriately in harmony with the design of the building. The major part of the ecosystem that the Company will maintain are big trees. The architect will collaborate with experts to move the trees to more appropriate locations around the building. In addition, urban planning and environmental assessment are conducted before designing the building, such as ventilation and drainage system, to provide effective drainage channel without causing flood or affecting the community.

3.7 Other Campaigns for the Efficient Use of Resources

- Provide knowledge and training to employees regarding environment as well as internally promote energy saving procedures in office via PR boards, intranet through HomePro Go Green and HomePro We Green projects
- Encourage the reuse of material such as 2-side use of paper
- Turn-off air conditions and lights when no one uses a room for awhile
- Change switches to be a non-off system, and employees would be responsible for their own desks
- Promote energy-saving activities such as “HomePro Fun Walk” for employees to walk upstairs rather than taking an elevator

- Set the temperature in the office not less than 24 degrees Celsius

Such project might not give the result in exact numbers of energy usage or cost saving but would build the habit and awareness of employees in their daily and future behavior which would further be carried on to their families and society.

3.8 Environmental Management of Subsidiaries

DC Service Center Company Limited

Distribution Center is in Lam Sai, Wang Noi District, Ayutthaya, was established in 2004 in the area over 142,900 sq.m. to manage warehouses and logistics for the Company. Currently, there were 850 employees in which most of them were local employment.

With the objective to achieve the highest operating standards, Distribution Center invested in warehouse construction and internal systems with both local and international standards including the change of internal operation procedure to be in effective, environmental concern and increase efficiency along with decrease waste e.g.

- Install LED Highbay to replace deteriorated fluorescent T5 Highbay. Replacing Metal-halide lamp with LED Street light led to a reduction of 463,637 kWh energy consumption per year. Consequently, the Carbon footprint was reduced by 260,100 kgCO₂ per year.
- Install High Volume Low Speed Fans (HVLS Fan) ventilation systems replacing of Jet Fan ventilation system, to reduce electric energy consumption
- Purchase an adequate amount of battery chargers and batteries for use, and adjust battery charging cycle time for forklifts and truck batteries by avoiding “on peak” period.
- Control lighting illumination times, and have an action plan to reduce electric consumption every year.
- Decrease travelling distance for forklifts and trucks that uses batteries. The capacity of the vehicle is limited at 2 pallets. However, by using trailer the capacity increases to 6 pallets.
- Reducing paper usage from printing Tag Label for the picking and storing of products by sending information through the Hand-Held system. As such, Tag Label usage has been decreased from 2,000 rolls to 1,000 rolls per month.

In addition, DC Center Co., Ltd. is selected by the Ministry of Energy to compete in Energy Conservation Organization 2017 competition and won the first prize. In 2018, the company plans to compete in Thailand Energy Award to build better efficient energy management and develop to international standard of energy management.

Reduction in the Use of Wrapping Film

The Company has reduced the use of wrapping film about 45% a month by replacing labor with machinery since 2013. In 2017, the Company would like to further decrease the use of wrapping film so that it started to use pieces of wrapping clothes to hold products before passing them to the film-wrapping machine. This can reduce the usage of film by approximately 2,876 rolls or 6,327 kilograms a month.

The company imposed a policy aiming to reduce the Carbon Dioxide emission from transportation caused by the combustion of fossil fuels. The company applied the “Green Transport and Supply Chain” concept to enhance logistic management in order to reduce the number of delivery trips. As a result, the company was able to reduce the fuel consumption and the emission of Carbon Dioxide simultaneously.

The elements of “Green Transport and Supply Chain” concept are as follows:

- Full Truck Load delivery concept: Set up the weighing platform and the controlling system to maximize product volume per delivery.
- Consolidation: Combine deliveries by planning the route, able to drop multi store in one truck and schedule to deliver as many products to as many customers in the same area or nearby within one trip.
- Back Haul: Using empty trucks to collect products from manufacturers to the warehouse or HomePro store instead of taking empty trucks back. In 2017, the company was able to reduce the fuel consumption by 355,521 liters.
- The size of the container was enlarged from 40 feet to 45 feet to increase the capacity of transportation per trip.

Market Village Company Limited

Providing areas for rent and utilities to tenants were its business. There constantly was the environmental management including the building design to match with the surrounding environment, planting trees, and maintaining the outside surrounding atmosphere with the cooling system. There were also the energy-saving control and save the environmental as follows:

- Set turn-on and turn-off times for air conditioning system and avoid starting time such system during the peak time (at 9 AM and 10 PM) due to the higher electricity price.
- Set up the Chiller Plant Management System to manage the automatic air conditioning system for the efficient use and cost saving.
- Install films inside building areas where were sunny spots to decrease the work load on air conditions.
- Set up the water treatment system by treating and measuring quality of used water in accordance with the standard of Ministry of Natural Resources and Environment before releasing to public pipes.
- Install the intelligent car park to help find parking lots that could also help customers save energy.

- Preventive maintenance measures, machinery efficiency assessment, re-commissioning test, and adaptation of other new environment-friendly techniques.
- Other measures such as installation of automatic escalators and auto-adjustment temperature of the air-conditioning system.

Mega Home Center Company Limited

Mega Home operated the integrated retail and wholesale of home related products. It started the environmental responsibility by choosing the Evaporative cooling system (EVAP) of air conditioning system relying on evaporation that could help produce cool air. When the hot weather was through the cooling pad, water would extract heat for changing liquid into vapor. The temperature of air from the cooling pad would then be low, and when it was included in the design of ventilation, fresh and cool air would be released. Finally, the Company would be able to save its investment as well as electricity usage more than using air conditions



4. Management

The sustainable development of the Company has been driven by all stakeholders in the value chain. In order to maintain the position as the leader in Home Solution and Living Experience, the Company carries out proficient and efficient operational management along with services under good corporate governance by the Board, the management, and employees.

4.1 Store and Business Opportunity Expansions

HomePro Business : Retailer of home products and integrated home services including construction, expansion, decoration, renovation, and maintenance with more than 40,000 product items

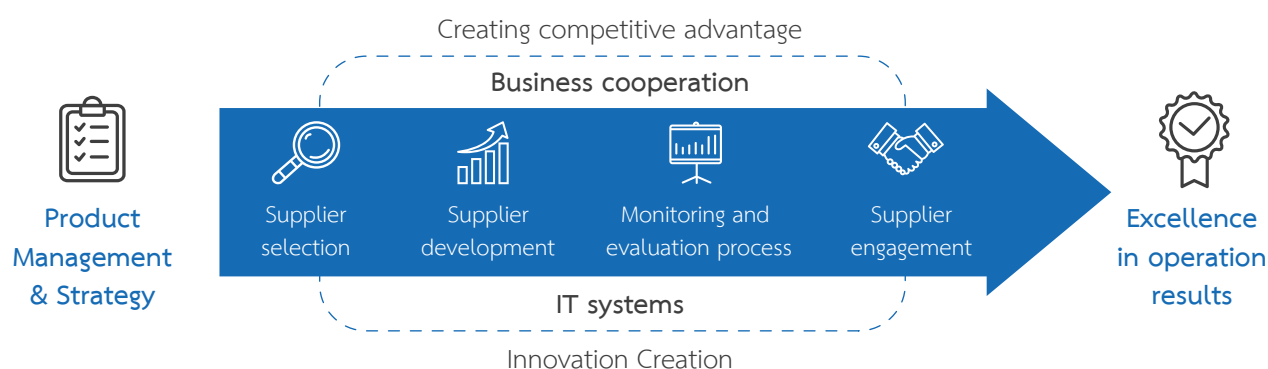
Operational Plan	Thailand: 95-100 stores within the year 2020 Malaysia: 8-10 stores within the year 2020
------------------	--

Progress	<p>Thailand: At present, there are currently 81 HomePro stores and 3 HomePro S stores. There was 1 new store of HomePro and 1 store of HomePro S opened in 2017. Also, 2 HomePro Living stores have been converted into HomePro S at Paseo Ladkrabang and Terminal 21 Korat, Nakornratchasima.</p> <p>Malaysia: In the present, there are 6 stores, with 4 new stores opened in 2017 in Melaka, Ipoh, Penang and Johor.</p>
----------	---

Mega Home Business: Retailer and wholesaler of building material center with more than 80,000 product items for the entire home construction processes including structure, systems, decoration and home appliances with high standards and reasonable prices for technicians, resellers as well as house owners.

Operational Plan	15-20 stores within the year 2020
Progress	12 stores at present with 1 new store in Chiangrai

4.2 Supplier Management



Suppliers Selection

The Company viewed suppliers as important partners who will grow together. The Company equally supported and offered business opportunities to mid-scale suppliers or SMEs based on the mutual benefits. The Company also had the policy to help ease the cost burden of costs to suppliers or entrepreneurs in many areas such as:

Procurement :	The Company offered opportunities for partners to present products without pricing pressure via appointment and Company's website. There were selection and evaluation criteria in 4 areas of production capacity, product quality, service quality, and delivery capability. The Company also had the product ordering plan at least 3 months in advance for partners to plan their productions in which this could viewed as the mutual benefits.
Commercial :	In 2017, there were 81 HomePro stores and 3 HomePro S stores, in addition, the Company online selling channel which could facilitate suppliers or entrepreneurs in terms of higher distributions, product delivery, quality services as well as knowledge development of suppliers' representatives (Product Consultant).

Service :	The Company had its own distribution center to support product distribution nationwide to help reduce the costs of transportation and distribution as well as increase and convenience. There was also the Vendor Relationship Management (VRM) system to support the information system where suppliers can also check their own information.
------------------	--

Suppliers Selection Criteria

The Company focuses on the importance of vendor selection through a standardized and fair selection processes with equal treatment. The Company considers having partners that are well-known, have good governance, professional, considerate with social and environmental issue and focus on welfares of their employees in accordance with labor standards, without violating environmental and labor regulations as specified in the procurement agreement, as well as encourage and promote vendors in anti-corruption policy by mutual understanding both the Company's and vendors' strengths to enhance further business growth.

For the business operations, the Company complied with the Trade Competition Act by the Trade Competition Commission for the guidelines of trade practices between retailers and manufacturers/ distributors under the Trade Competition Act B.E. 2542 (1999). The Company and suppliers jointly amended contracts to be more detailed and transparent in which the Company viewed suppliers as business partners. The criteria are as follows:

1. Reliable financial record, potential to grow with the Company long term, and manufacturing process that takes into account the community and the environment according to the law.
2. Manufacture or distribute products with required and verifiable quality.
3. Support in promotional campaigns and provide after-sales services.

The Company also operated under the Intellectual Property Law by not selling pirated products so that the Company would check before hand, and if products were not pirated products, then they would be legally registered.

Contractor's Selection Criteria

In 2017, there were totally 81 HomePro stores and 3 HomePro S store across the country, and the Company

had the plan to continuously increase more stores. To construct a building, the Company would transparently operate with the following criteria for suppliers' selection.

1. Hire architectural, interior, and system designers in which designers would define specification of rawmaterials, and suppliers would then present to the Company and designers to jointly decide the specification of those new materials.
2. The Company would select a contractor based on the working profile and at least 2 times of biddings. The Committee was also assigned to select a contractor or materials with fairness and transparency. Due to the continuous expansion of stores, once a contractor was selected, it could be used as the price reference for another store as well.
3. For the quality checking process, a site engineer must check all materials, equipment, and procedures to comply with the design.
4. When a project ends, a contractor would be evaluated for the next project
5. The company assigns the contractor to survey and study the impact to the community and report to the company. The company will control contractor to make necessary recondition in case any impact is found.

Responsible Procurement

The Company's business had various product procurement processes which were also related to many suppliers. Thus, the Company needs to set the standardization of supplier selection which can see more information on this issue on page 136. In addition, the Company also recognizes on product safety in which it distributes to consumers so that having safety standard of product and supplier evaluation as follows:

Risks Caused by Suppliers

The Company conducts Spending Analysis on supplier list, ranks the Top 10 partners to determine who are the key suppliers, and use the information to manage the risks caused by these suppliers.

Traceability Investigation and Safety Standard of Product

The Company focused on safety of products sold to customers in which the purchasing department will work closely with distributors or manufacturers to audit regularly and get certificated of product safety from government agencies because the Company recognized the importance of product quality and safety regarding customers' health and hygiene. In addition, training programs on product safety and product display were emphasized to employees in the operational level.

The Company sold quality products that were legally certified without the violation of intellectual property, rights, or patents. Those products also needed to be certified in terms of safety from related authorities such as Thai Industrial Standards Institute (TISI), Office of the Consumer Protection Board (OCPB), Food and Drug Administration (FDA) and Hazardous Substances Used in Household and Public Health, products of the Label No.5, and International Electro Technical Commission (Electrics Standard). Moreover, if there was a defect on a product, it could be refunded or exchanged within 14 days.

In 2017, the company had no product or service that did not comply with safety and hygiene standards. In addition, the company has cooperated with Thai Industrial Standard Institute (TISI) in "TIS Store" Project. TISI inspected products and certified every HomePro store sell good quality product passed industrial standard and offer product safety to customer.

Quality Evaluation and Investigation of Suppliers

With the commitment to maintain the product safety, the Company then had a clear evaluation process on suppliers. New partners must be investigated and pass criteria of quality and safety standards, and existing suppliers must be regularly audited and assessed. If there was any problem, the Company together with suppliers would properly resolve such problem. The criteria for evaluation were as follows:

1. Ability to produce
2. Ability to control Quality

3. Risk Management
4. Product Audit
5. Warehouse Management
6. Quality of Delivery

In 2017, the Company investigated and evaluated suppliers as well as conducted Pre-assessment and Post Purchase audit to critical suppliers by the Buyers team, particularly in Private Brand group suppliers that has been audited 2 times a month along with supplier audit of Non-Private Brand group.

Supplier Development

- Supplier Code of Conduct

In 2017, the Company developed a guideline for business partners to carry out their business practices. The Company refers to both national and international Code of Conduct, rules and regulations such as Labor Protection Act (United Nations Global Compact), International Labor Standard (ILO), Corporate Governance, and Corporate Social Responsibility to create business sustainability toward Economic, Social, and Environment throughout the supply chain. Suppliers can study more details on the VRM system (Vendor Relationship Management).

In addition, the company has prepared a questionnaire for partners in the topic of Environmental, Social and Corporate Governance (ESG) to provide sustainability assessment and to incorporate with sustainable practice. In 2017, 144 partners responded to the questionnaire.

- Sharing Economy

The company encourages SME partners to be part of sharing economy by sharing raw materials and collaborate in product development to create new product. Since SMEs have limited funding and different expertise in different products, in order to create new product, they can make the most out of joint-business collaboration in activities such as purchasing packaging, label, and joint purchase of raw material together to achieve lower price comparing to individual purchases.

In addition, there are also co-product design between the company and SME partners to build products that

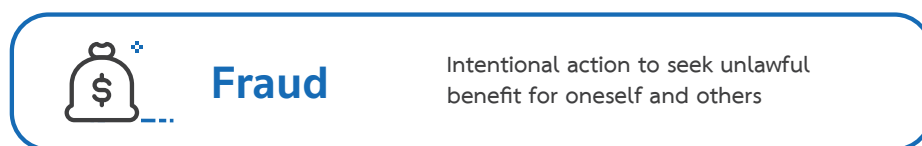


meet the design, quality, and new innovations that will occur in the future. The company specializes in designing and understanding customer needs, while suppliers are good at sourcing raw materials and manufacturing. The finished products will reflect both good design and quality as well as potential for future innovation. Sharing Economy reduces costs and combines resources. Sharing of knowledge by both parties will result in lower costs and more innovations.

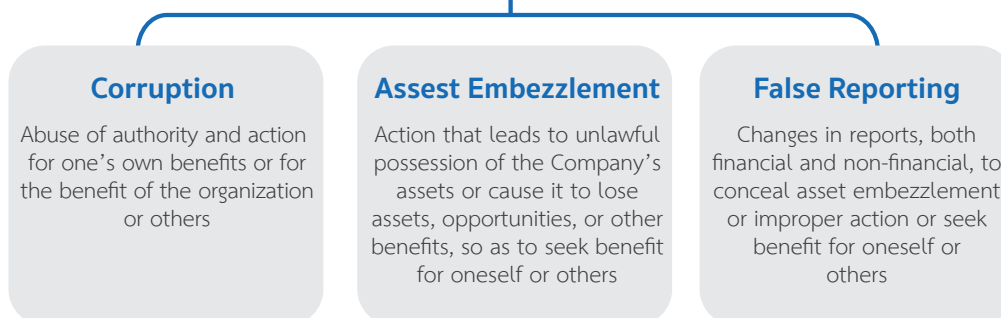
4.3 Anti-Corruption

In 2017, the company proceeded with the enhancement of the anti-corruption campaign, continuing from previous years. Thus, the company was successfully approved and certified by the CAC-Thailand's Private Sector Collective Action Coalition Against Corruption.

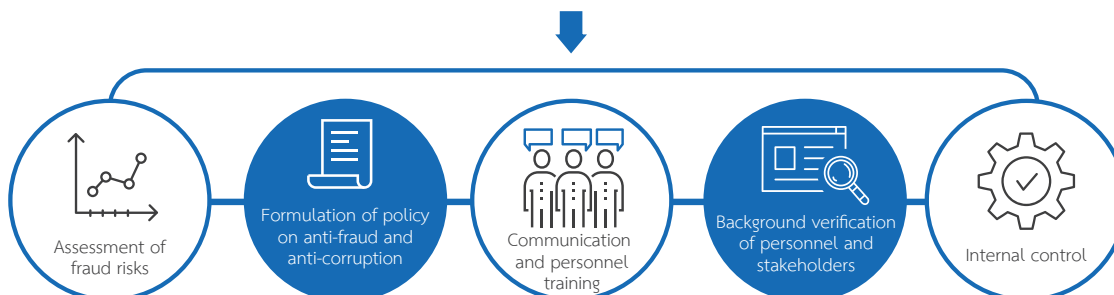
The definition of "Fraud" in the Company's context



Nature of Fraud



Guidelines for fraud prevention



In addition, the Company also have some other measures to reduce the risk of corruption as follow:

The management, employees, suppliers, and stakeholders must acknowledge the Anti-Corruption policy and the Company's guidelines of good corporate governance and business ethics. Such guidelines would be posted through mails, intranet, the Company's website, and through public campaigns to encourage the management and its personnel to acknowledge and comply with as well as communicate with the Company's suppliers via Vendor Relationship Management service on the Anti-Corruption policy and No Gift Policy.

1. The Internal Audit Department was assigned to inspect internal control, risk management, corporate governance, and to give advice on regular basis by auditing according to the annual audit plan as

approved by the Audit Committee. The Internal Audit Department reports the audit results with concerning issues along with suggestions to the Audit Committee on a monthly basis.

2. The Risk Management and Internal Control Committee were assigned to constantly monitor and assess the risk of corruption as well as report the result to the Committee.
3. If there was any significant impact on the financial position and the Company's performance as well as activities that were illegal and violating ethics, the Audit Committee would report to the Board of Directors to define the prevention measure and punish the wrongdoers as recommended by Audit Committee.

4.4 Emerging Risk Management

In addition to the 4 main risks mentioned in Risk Factors on page 54. The company also recognizes the challenges and risks that may arise in the future. These risks may affect the sustainability of the company in long run. The Strategic and Sustainable Development Committee and The Risk Management Committee have been working together to find the solution to manage risks within the acceptable level. The risks that the company closely monitors and plans to prevent are divided into 2 categories as follow:

Risks	Risk Management Approach
1. Technology Disruption risk causes behavioral changes in customers e.g. online purchasing. A change of business model is required to adapt and maximize the benefits of upcoming technology.	<ul style="list-style-type: none"> • Keep track with new technologies, study the rapidly changing consumer behavior through analytics, and respond to their behaviors to create the highest satisfaction. For example, providing convenience to customers by enabling them to shop online through the company's website, or using technology to assist and elevate efficiency in management tasks.
2. Demographic risk affects customers as the society begins to enter the aging stage, which changes their needs and behaviors. The age and behavior of employees are also affected. For example, the age and generation gap in the organization between the supervisor and team members.	<ul style="list-style-type: none"> • Add goods for elders such as supporting rail, anti-slip tile, sanitary ware for elders, safety products for elders, etc. Provide knowledge on how to install these goods to consumers. • Change work practice to be modernized to prevent the effect of age gap e.g. flexible working hours, direct contact with supervisor, performance evaluation with clear criteria.

4.5 Developing Innovative Organization

The company drives innovation to be the core driver of the organization in the future by creating work model that promotes innovative culture in the organization, encouraging employee to think outside of the box, leading to creation of knowledge and innovation in forms of Product Innovation, Service Innovation, Process Innovation and Business Model Innovation. Furthermore, employees can also share their innovative ideas to inno@homepro.co.th



5. Society and Community

To be the leader of Home Solution and Living Experience business in Thailand and Southeast Asia, the Company intended to expand more stores and business with the commitment to improve and develop living standards of society and communities as well as to build values through activities and campaigns. Therefore, the Company's operations must not harm the community to gain trust from surrounding communities. In the previous year, the Company's performance regarding the aspect of society and community was as follows:

5.1 "Tao Kae Noi" (Young Entrepreneur) Project

The Company would provide support to small contractors that were lack of financial supports and fundamental facilities under the project of "Tao Kae Noi". The Company distributed home services to external contractors in which technicians would be trained to acknowledge working policies, instructions, and procedures to provide services to customers within the same standards.

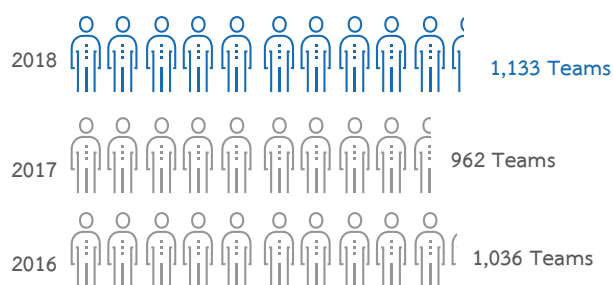
In 2017, the Company had developed more than 1,133 technician teams engaging in the project in order to have multi-skills. For instance, a painter could also paint an Epoxy floor, install a ceiling, and install a rain gutter. The training for such technicians were as follows:

- Home appliance installation course for 40 classes for 400 technicians.
- In-building electric wiring course for 4 classes for 80 technicians.
- Home appliance maintenance course for 10 classes for 200 technicians.
- Air condition installation course for 20 classes for 200 technicians.
- Ceiling repair course for 4 classes for 80 technicians.

In addition, the Company also emphasizes the importance of elevating labor skills to meet international standards by sending technicians to test their skills with the Department of Skill Development (DSD), Ministry of Labor. In 2017, there were 50 electricians in the pilot program passing the standard test and receiving "Star Labor" badge, which is a silver hexagon star symbol.



Details of Technical Team in each year





YOUNG ENTREPRENEUR

Focus on creating sustainability throughout the supply chain by elevating the skills of technicians to meet the acceptable standard, and by increasing the number of technician teams to sufficiently support store expansion. The objective is to provide home solution and deliver service to customers effectively, as well as to create value for the business.



5.2 Bilateral Scholarship Program

The retail business was the fundamental trading and could be used in the business management of both small and large scales. In the past, there has been no institution in Thailand providing this specific area but mostly learnt from real practices.

As Thailand's retail business, has been expanding, the Company recognized the importance of knowledge development in retail business and would like to encourage the development of personnel to support such expansion. The Company has signed the memorandum of agreement with the Office of the Vocational Education Commission (OVEC) to jointly develop and manage vocational education and training in commerce, majoring in retail business.

This project was the cooperation in organizing vocational education on bilateral system as well as offer opportunities for students to study in the field of commerce, majoring in retail business with the knowledge, skills, and experiences from real practices. This cooperation would improve capabilities of students and allow them to have their own professions. Trained teachers and students would be able to enhance their working skills regarding business and services in real practices which would encourage them to love and foresee their future professional growth.

Educational institutions participating in this project would be the key factor for the project accomplishment as they and the Company would jointly arrange proper courses to enhance students' technical knowledge. The Company would then be confident that the graduates (new employees) would have knowledge relevant to the requirements of the Company. This project was the cooperation of many parties so that it could be one of the important integrated educational systems of Thailand that could increase capabilities of students in both theoretical and practical areas under the supervision of the Company's Education Service Centre. In 2017, there were students participating in vocational education on bilateral system since 2015 as 4th generation graduated and received certificate of "Bilateral Scholarship Program" as well as were hired to be employees of HomePro for 134 students in 46 stores across the country

Historical data of Scholarship details in the previous year are as follows:

High Vocational Certificate Level

Year	Batch No.	No. of Participating Institutions	No. of Scholarships	Scholarship Amount (Baht)
2012	1	6	64	1,843,200
2013	2	10	123	3,542,400
2014	3	11	183	5,472,000
2015	4	10	258	7,430,400
2016	5	6	169	4,867,200
2017	6	11	281	8,092,800
Total		54	1,078	31,248,000

Year	Batch No.	No. of Participating Institutions	No. of Scholarships	Scholarship Amount (Baht)
2015	1	2	36	4,096,000
2016	-	-	-	-
2017	-	-	-	-
Total		2	36	4,096,000



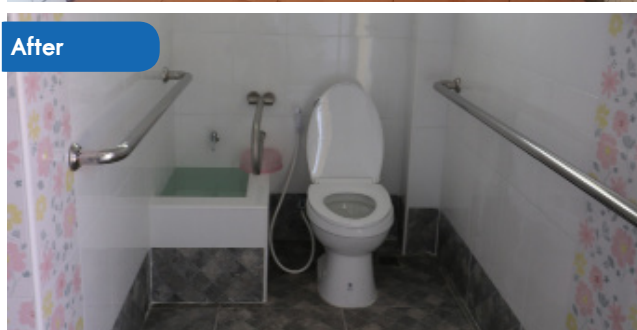
5.3 Toilet for Community Project

With the ambition to improve the well-being of students in rural areas and senior citizens, the Company donated hygienic restrooms to public schools under the ministry of education nation-wide. The campaign is called “Kids’ toilet project”. The Company also collaborated with the Bangkok Metropolitan Administration to renovate a number of selected restrooms in public parks throughout Bangkok to meet the standard of Universal Design. These restrooms were approved by Healthy Accessibility and Safety according to the hygiene, affordability, and safety.

In 2017, the company expanded its project from Toilet for Public and the Elderly to Restroom for Disabled Project. The company surveyed the behavior of disabled people in Karunyawet Home, which takes care of more than 400 disabled in Chonburi. The restrooms were designed and renovated to be hygienic, safe and comfortable for better quality of life of the disabled.

Summary of Toilets in the Projects

	Number of Toilets (Rooms)			
	2015	2016	2017	Accumulated since Established
Kids’ Toilet	181	-	-	2,317
Public and Elders’ Toilet	-	36	-	36
The Disabled Toilet	-	-	24	24



5.4 Other Social Activities

Old TV Exchange for New

Currently, the advanced in technology has led electronic products to be quickly outdated, especially televisions that changed from the analog system to digital system. As a result, customers' behavior changed upon the evolution in technology so that old television has become an electric waste with negative impacts on quality of life and environment. The Company then focused on the protection of the environment by launching the campaign "Old TV exchange for New". The objective of this campaign was to encourage customers and other people to donate their used televisions that still in good condition for a discount when purchasing new televisions at HomePro. The Company donated the used televisions to local schools. This campaign not only reduced electronic waste but also helped people who were in need.

In 2017, 1,439 TV were donated by customers and the Company delivered to The Mirror Foundation representative to give TV for those who have less opportunity.



Donate to	2017	2016	2015
World Vision Foundation of Thailand	-	-	761
The Mirror Foundation	1,439	497	-
Total	1,439	497	761

Give & Get Project, Old Curtain Exchange for New

The Company is committed to enhancing sustainable business practices with suppliers by cooperating with PASAYA to jointly organized the project of “Give & Get, Old Curtain for New” by letting customers participate in sharing to the society and decreasing wastes from curtains that have negative impact on the environment. The Company sets up donation zones where customers can bring and donate their used curtains. The Company has donated more than 6,000 curtains to Baan Nokkamin Foundation. This was not only the social sharing but also the reduction of wastes that could cause the environmental problem.

Year	Donated Curtain (Pieces)
2015	2,500
2016	2,100
2017	1,700
Total	6,300

Religious Activities

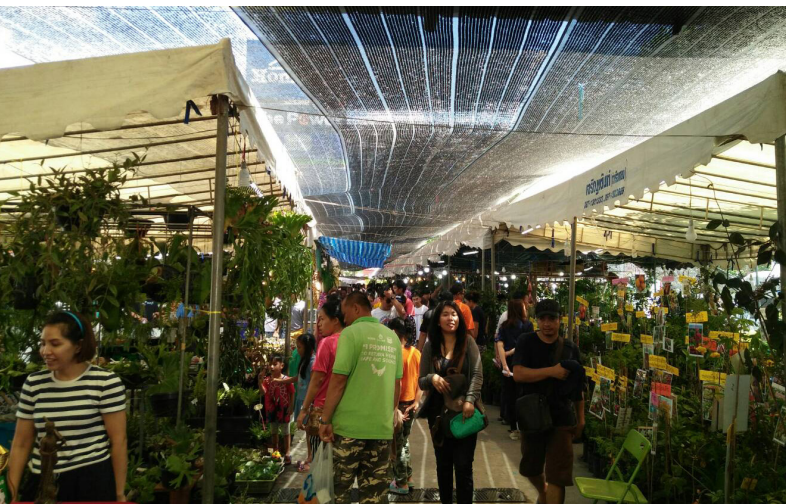


The Company continuously organized religious activities by encouraging the management and employees to participate in religious activities on Buddhist days. In 2017, the Company hosted Kathina ceremony as follows:

Temple	Province / Region	Donated Amount (Baht)
Chantharam	Khon Kaen/ Northeastern	1,338,260
Lam Phak Chi	Bangkok/ Central	200,000
Total		1,538,260

Furthermore, the Company organized the robes ceremony in other regions as follows:

Temple	Province / Region	Donated Amount (Baht)
Pha Wa Dee	Nakhonsithamarat / Southern	151,857
Pha That San Dorn	Lampang / Northern	149,999
Kao Yai	Chonburi / Eastern	166,999
Total		468,855



Activities supporting local community's occupation.

Each new stores, the Company focused on community where stores were set up so that the construction and operation must not have negative impacts on occupations of local people. The Company contributes to community development and sustainably supports community by providing job opportunities to local workers, using local resources and promoting local jobs by arranging space for selling local products (Community Enterprise). For example, free market for plants and agriculture products, house and garden fair, free market, OTOP products exhibition, and shrimp exhibition.

Blood Donation Project

Currently, there was insufficient reserved blood at Thai Red Cross Society. Thus, the Company would like to support this social need by organizing the Blood Donation Project for employees who would like to donate blood 4 times per year to help patients who were in need in the future. The amount of blood donated during 2015 – 2017 was as follows:

Year	Donated Amount (Units)			Received Amount (Milliliters)
	Head Office	Store	Total	
2015	398	3,627	4,025	1,811,250
2016	351	5,534	5,885	2,648,250
2017	340	4,589	4,929	2,218,050





Gender ☐ Female ☐ Male

Age ☐ Below 30 years old ☐ 30-50 years old ☐ More than 50 years old

☐ Shareholder ☐ Investor ☐ Supplier
☐ Community ☐ Employee ☐ Independent Organization
☐ Customer ☐ Mass Media ☐ Other (Please specify.....)

- ☐ For support investment decision on HMPRO's securities
- ☐ For understanding about HMPRO's business
- ☐ Research and educational purposes
- ☐ Other (Please specify.....)

Information adequacy ☐ High ☐ Medium ☐ Low

Readability ☐ High ☐ Medium ☐ Low

Overall satisfaction ☐ High ☐ Medium ☐ Low

.....

[illegible]



To Corporate Strategy and Sustainable Development
Home Product Center Public Company Limited
31 Prachachuennonthaburi Rd., Bangkhen,
Mueng, Nonthaburi 11000

Channels for returning Feedback Form



1. Email

Scan or take a photo of the feedback form to csr@homepro.co.th



2. Facsimile

+662 - 832 - 1066



3. Mail

Tear the feedback form, stamp it and send it to the address mentioned above

GRI CONTENT INDEX

Material aspect	GRI Indicator	Description	Reference page (AR)
General Standard Disclosures			
Strategy and Analysis	G4-1	Statement from the most senior decision-maker of the organization	Page 16
	G4-2	Description of key impacts, risks and opportunities	Page 54-60
Organizational Profile	G4-3	Name of organization	Home Prodcut Center PCL.
	G4-4	Primary brands, products and services	Page 50
	G4-5	Location of the organization's headquarter	Page 43
	G4-6	Number of countries where the organization operates, and names of countries where either the organization has significant operations or that are specifically relevant to the sustainability topics covered in the report.	Page 43
	G4-7	Nature of ownership and legal form.	Page 43
	G4-8	Markets served	Page 14-15
	G4-9	Scale of the organization	Page 14-15
	G4-10	Workforce composition	Page 120
	G4-11	Percentage of total employees covered by collective bargaining agreements	N/A
	G4-12	Description of supply chain	Page 106
	G4-13	Significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain	Page 14-15
	G4-14	Whether and how the precautionary approach or principle is addressed	Page 139
	G4-15	Externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses	Page 104
	G4-16	Memberships at organizational level	Investment Analyst Association, Thai Institute of Directors Association, Retail Association etc.
Identified Material Aspects and Boundaries	G4-17	Entities included in consolidated financial statements	Page 166-224
	G4-18	Process for defining the report content and the Aspect Boundaries; how the Reporting Principles for Defining Report Content have been implemented	Page 108-109
	G4-19	List of all material Aspects	Page 108-109
	G4-20	Material Aspects within the organization	Page 108-109
	G4-21	Material Aspects outside the organization	Page 106
	G4-22	Effect of any restatements of information provided in previous reports, and the reasons for such restatements	Page 157-163

Material aspect	GRI Indicator	Description	Reference page (AR)
General Standard Disclosures			
Identified Material Aspects and Boundaries	G4-23	Significant changes from previous reporting periods	N/A
Stakeholder Engagement	G4-24	Stakeholder groups	Page 107
	G4-25	Basis for identification and selection of stakeholders	Page 106-107
	G4-26	Organization's approach to stakeholder engagement	Page 106-107
	G4-27	Key topics and concerns raised through stakeholder engagement, and responses	Page 108-109
Report Profile	G4-28	Reporting period	Jan 1 – Dec 31, 2017
	G4-29	Date of most recent previous report	Annual Report 2016 (Dec 31, 2016)
	G4-30	Reporting cycle	Annual Report
	G4-31	Contact point for questions regarding the report or its contents	ir@hoempro.co.th
	G4-32	GRI Content Index with chosen 'in accordance' option, and any reference to an External Assurance Report	Page 108-109
	G4-33	Policy and current practice with regard to seeking external assurance for the report	We aim to continuously improve on the quality of our report, and may consider external assurance in the future.
Governance	G4-34	Governance structure of the organization, including committees of the highest governance body, and committees responsible for decision-making on economic, environmental and social impacts	Page 105
	G4-35	Process for delegating authority for economic, environmental and social topics from the highest governance body to senior executives and other employees	Page 103
	G4-36	Organization has appointed an executive-level position with responsibility for economic, environmental and social topics, and whether post holders report directly to the highest governance body	Page 103
	G4-37	Processes for consultation between stakeholders and the highest governance body on economic, environmental and social topics. If consultation is delegated, describe to whom and any feedback processes to the highest governance body.	Page 85-87
	G4-38	Composition of the highest governance body and its committees	Page 63-73
	G4-39	Indicate whether the Chair of the highest governance body is also an executive officer	Page 89
	G4-40	Nomination and selection processes for the highest governance body and its committees, and the criteria used for nominating and selecting highest governance body members	Page 71-73
	G4-41	Processes for the highest governance body to ensure conflicts of interest are avoided and managed	Page 87-88
	G4-42	Highest governance body's and senior executives' roles in the development, approval, and updating of the organization's purpose, value or mission statements, strategies, policies, and goals related to economic, environmental and social impacts	Page 87-88

Material aspect	GRI Indicator	Description	Reference page (AR)
General Standard Disclosures			
Governance	G4-43	Measures taken to develop and enhance the highest governance body's collective knowledge of economic, environmental and social topics	N/A
	G4-45	Highest governance body's role in the identification and management of economic, environmental and social impacts, risks, and opportunities; including due diligence and stakeholder consultation	The Strategic and Sustainable Development Committee consists of the senior management teams of all business units that works closely with all business units to embed sustainability, and ensure our sustainability initiatives and practices are aligned with the Group's overall strategic direction. The team also facilitates by monitoring and communicating progress of our sustainability initiatives and practices.
	G4-46	Highest governance body's role in reviewing the effectiveness of the organization's risk management processes for economic, environmental and social topics	Page 22-23
	G4-47	Frequency of the highest governance body's review of economic, environmental and social impacts, risks, and opportunities.	Page 22-23
	G4-48	Highest committee or position that formally reviews and approves the organization's sustainability report and ensures that all material Aspects are covered	Managing Director
	G4-49	Process for communicating critical concerns to the highest governance body	Page 85-86
	G4-50	Nature and total number of critical concerns that were communicated to the highest governance body and the mechanism(s) used to address and resolve them	No significant risks, corruption or otherwise were identified.
	G4-51	Remuneration policies for the highest governance body and senior executives	Page 73-75
	G4-52	Process for determining remuneration	Page 73-75
	G4-53	Stakeholders' views on remuneration	Page 74
Ethics and Integrity	G4-56	Organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics	Page 93
	G4-57	Internal and external mechanisms for seeking advice on ethical and lawful behavior, and matters related to organizational integrity, such as helplines or advice lines	Page 85-86
	G4-58	Internal and external mechanisms for reporting concerns about unethical or unlawful behavior, and matters related to organizational integrity, such as escalation through line management, whistleblowing mechanisms or hotlines	Page 85-86




Material aspect	GRI Indicator	Description	Reference page (AR)
Specific Standard Disclosures – Performance Indicators			
Economic			
	G4-DMA	Impacts that make this aspect material	Page 108-109
Economic Performance	G4-EC1	Direct economic value generated and distributed (EVG&D)	Page 15
	G4-EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change	Page 111
Market Presence	G4-EC5	Ratio of entry level wage by gender at significant locations of operation to the minimum wage	N/A
Indirect Economic Impacts	G4-EC7	Development and impact of infrastructure investments and services supported	Page 143-144
	G4-EC8	Significant indirect economic impacts, including the extent of impacts	Page 140-141
Procurement Practices	G4-EC9	Percentage of the procurement budget used for significant locations of operation spent on suppliers local to that operation	Page 146
Environmental			
	G4-DMA	Impacts that make this aspect material	Page 128
Energy	G4-EN3	Energy consumption within the organization	Page 128-130
	G4-EN5	Energy intensity	Page 129-130
	G4-EN6	Reduction of energy consumption	Page 128-130
	G4-EN7	Reduction in energy requirements of products and services	Page 111-112
Water	G4-EN8	Total water withdrawal by source	Page 131
	G4-EN9	Water sources significantly affected by withdrawal of water	Page 131
Biodiversity	G4-EN11	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Page 132
	G4-EN12	Description of significant impacts of activities, products, and services on biodiversity in product areas and areas of high biodiversity value outside protected areas	Page 132
	G4-EN13	Habitats protected and restored	Page 132
Emissions	G4-EN15	Direct greenhouse gas (GHG) emissions (Scope 1)	Page 131
	G4-EN16	Energy indirect greenhouse gas (GHG) emissions (Scope 2)	Page 131
	G4-EN17	Other indirect greenhouse gas (GHG) emissions (Scope 3)	Page 131
	G4-EN18	Greenhouse gas (GHG) emissions intensity	Page 131
	G4-EN19	Reduction of greenhouse gas (GHG) emissions	Page 131
	G4-EN21	NOX, SOX, and other significant air emissions	According to legal restriction
Effluents and Waste	G4-EN22	Total water discharge by quality and destination	Page 131
Effluents and Waste	G4-EN23	Total weight of waste by type and disposal method	Page 132
	G4-EN25	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally	According to legal restriction
Products and Services	G4-EN27	Extent of impact mitigation of environmental of impacts of products and services	Page 111-113

Material aspect	GRI Indicator	Description	Reference page (AR)
Compliance	G4-EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	No materials non-compliance with environmental laws or regulations was identified.
Transport	G4-EN30	Significant environmental impacts of transporting products and other goods and materials for the organization's operation, and transporting members of the workforce	Page 133
Supplier Environmental Assessment	G4-EN32	Percentage of new suppliers that were screened using environmental criteria	100%
Social: Labor Practices and Decent Work			
	G4-DMA	Impacts that make this aspect material	Page 118
Employment	G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender and region	Page 120
	G4-LA2	Benefits provided to full-time employees	Page 121-126
Occupational Health and Safety	G4-LA5	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs	Page 126
	G4-LA6	Type of injury and rates of injury, occupational diseases, lost days and absenteeism, and total number of work-related fatalities, by region and by gender	Page 126-127
Training and Education	G4-LA9	Average hours of training per year per employee by gender, and by employee category	Page 123
Training and Education	G4-LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	Page 123
	G4-LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	Page 123-124
Diversity and Equal Opportunity	G4-LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	Page 63-69
Supplier Assessment for Labor Practices	G4-LA14	Percentage of new suppliers that were screened using labor practices criteria	100%
Human Rights			
Supplier Human Rights Assessment	G4-HR10	Percentage of new suppliers that were screened using human rights criteria	100%
Society			
Anti-Corruption	G4-SO3	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified	No significant risks, corruption or otherwise, were identified.
	G4-SO4	Communication and training on anti-corruption policies and procedures	Page 138-139
	G4-SO5	Confirmed incidents of corruption and actions taken	No confirmed incidents of corruption were identified.
Anti-Competitive Behavior	G4-SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes	No legal actions for anti-competitive behavior, anti-trust, and monopoly practices were identified.

Material aspect	GRI Indicator	Description	Reference page (AR)
Compliance	G4-SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	No confirmed incidents of corruption nor material non-compliance with laws or regulations in relation to corruption were identified.
Product Responsibility			
Customer Health and Safety	G4-PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts	In terms of compliance on customer health and safety, we did not identify any material non-compliance with regulations and voluntary codes.
Product and Service Labeling	G4-PR5	Surveys measuring customer satisfaction	Page 117
Marketing Communications	G4-PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications	In terms of compliance on marketing communications, we did not identify any material non-compliance with regulations and voluntary codes.
Customer Privacy	G4-PR8	Total number of substantial complaints regarding breaches of customer privacy and losses of customer data	We did not identify any substantiated complaints concerning breaches of customer privacy
Compliance	G4-PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	No material non-compliance with laws and regulations concerning the provision and use of products and services was identified

Sustainable Development Goals (SDGs)

Sustainable Development Goals (SDGs)	How HomePro is supporting	Page
 <p>End poverty in all its forms everywhere</p>	<ul style="list-style-type: none"> Happy Home Town Project Activities Supporting Local Occupations 	<p>121</p> <p>146</p>
 <p>End hunger, achieve food security and improved nutrition and promote sustainable agriculture</p>	<ul style="list-style-type: none"> Healthy menu offerings to employees 	<p>124</p>
 <p>Ensure healthy lives and promote well-being for all at all ages</p>	<ul style="list-style-type: none"> Eco Product Home Service 	<p>111-112</p> <p>114</p>
 <p>Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all</p>	<ul style="list-style-type: none"> Increase of Capabilities in Knowledge and Skills Employee Scholarship Bilateral Scholarship Program 	<p>121-124</p> <p>124</p> <p>142-143</p>
 <p>Achieve gender equality and empower all women and girls</p>	<ul style="list-style-type: none"> Responsible labor practices that respect human rights and diversity 	<p>118</p>
 <p>Ensure availability and sustainable management of water and sanitation for all</p>	<ul style="list-style-type: none"> Responsible water consumption Responsible wastewater management 	<p>131</p> <p>131</p>
 <p>Ensure access to affordable, reliable, sustainable and modern energy for all</p>	<ul style="list-style-type: none"> Efficiency Energy Consumption Promotion of renewable energy to customers 	<p>128-130</p> <p>130</p>
 <p>Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all</p>	<ul style="list-style-type: none"> Yond Entrepreneur Project Store Expansion 	<p>140-141</p> <p>134-135</p>
 <p>Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation</p>	<ul style="list-style-type: none"> Product Innovation for Society Home Makeover – Service Innovation 	<p>112-113</p> <p>115</p>
 <p>Reduce inequality within and among countries</p>	<ul style="list-style-type: none"> Disability Employment Diversity Employment not to discriminate on sex, religious, color, nationality, domicile, and thinking 	<p>119-120</p> <p>120</p>

Sustainable Development Goals (SDGs)	How HomePro is supporting	Page
 <p>11 SUSTAINABLE CITIES AND COMMUNITIES</p> <p>Make cities and human settlements inclusive, safe, resilient and sustainable</p>	<ul style="list-style-type: none"> Toilets for Society 	143-144
 <p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p> <p>Ensure sustainable consumption and production patterns</p>	<ul style="list-style-type: none"> Solar Renewable Energy Green Warehouse Management Traceability Investigation and Safety Standard of Product 	129-130 133 137
 <p>13 CLIMATE ACTION</p> <p>Take urgent action to combat climate change and its impacts</p>	<ul style="list-style-type: none"> Operational Efficiency Efficient Transportation for loss reduction 	128-130 133
 <p>14 LIFE BELOW WATER</p> <p>Conserve and sustainably use the oceans, seas and marine resources for sustainable development</p>	<ul style="list-style-type: none"> Responsible Waste Water Treatment 	131
 <p>15 LIFE ON LAND</p> <p>Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss</p>	<ul style="list-style-type: none"> No Bag Campaign Waste Management 	132 132
 <p>16 PEACE, JUSTICE AND STRONG INSTITUTIONS</p> <p>Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels</p>	<ul style="list-style-type: none"> Respect on Human Right Good Corporate Governance HomePro Culture Religious Activities 	118 80-93 118 145
 <p>17 PARTNERSHIPS FOR THE GOALS</p> <p>Strengthen the means of implementation and revitalize the global partnership for sustainable development</p>	<ul style="list-style-type: none"> Supplier Management 	135-137

Management Discussion and Analysis

1. Overview

In the first half of 2017 the Thai economy remained sluggish, due to weak purchasing power and the lack of any specific measures from the government. In the second half of 2017, the economy moved in a positive direction driven by industrial expansion, the tourism sector and a recovery in exports due to an improvement in the economies of our trading partners. As a result, there has been an increase in the purchasing power of consumers in major cities linked to tourism and the export sector. In contrast, consumer spending in some provinces linked to the agricultural sector continued to decelerate in line with lower farm income due to the low price of agricultural products. However, the government has been trying to stimulate the economy and revive consumer confidence by launching economic stimulus measures such as “Shopping for the Nation”, which was held for the third consecutive year from mid-November to early December.

The performance of the Company and its subsidiaries continued to grow, recording total revenue and profit at baht 64,234.49 million and baht 4,886.39 million respectively, increase 5.05% and 18.45% from the previous year, even though in the first half of the year the target was not met due to the slowdown of the economy and the weakness of consumer buying power. However, in the second half of the year, the economy has shown signs of recovery in both the tourism and

export sectors. As a result, the performance of stores in major cities and the cities that benefit from the tourism sector has improved over the past period. Moreover, the Company has generated cost efficiencies in terms of staff optimization and administrative expenses, along with the expansion of gross profit margin through the selection and improvement of product quality to better meet the needs of customers.

In 2017, the Company opened 1 HomePro store at Lotus Bangkae and opened 1 HomePro S store at Gateway Ekamai. Also, 2 HomePro Living stores have been converted to HomePro S at The Paseo Ladkrabang and Terminal 21 Korat. For subsidiaries, the Company opened 1 Mega Home store in Chiang Rai and added 4 more HomePro stores in Malaysia at Melaka, Penang, Ipoh, and Johor Bahru. At the end of the year, the Company had 81 HomePro stores, 3 HomePro S stores and 12 Mega Home stores, as well as 6 HomePro stores in Malaysia. Continuing expansion of new stores in Malaysia is to achieve economy of scale and to reach more customers in different areas.

2. New Financial Reporting Standards

2.1 Financial reporting standards that became effective in the current year

During the year, the Company and its subsidiaries have adopted the revised financial reporting standards and interpretations (revised 2016) and new accounting treatment guidance which are

effective for fiscal years beginning on or after 1 January 2017. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards does not have any significant impact on the Company and its subsidiaries' financial statements.

2.2 Financial reporting standards that will become effective in the future

During the current year, the Federation of Accounting Professions issued a number of the revised financial reporting standards and interpretations (revised 2017) which are effective for fiscal years beginning on or after 1 January 2018. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes and clarifications directed towards disclosures in the note to financial statements.

The management of the Company and its subsidiaries believe that the revised financial reporting standards will not have any significant impact on the financial statements when they are initially applied.

3. Operating Results and Profitability

The total revenue of the Company and its subsidiaries amounted to baht 64,234.49 million, increased by 5.05% from the previous year, which was driven by sales from new stores opened in 2016 and a new HomePro store opened in 2017 at Lotus Bangkae, 1 new HomePro S store at Gateway Ekamai, and 2 HomePro Living stores have been converted to HomePro S at The Paseo Ladkrabang and Terminal 21 Korat. For Mega Home, the rise in revenue is driven by the opening of 1 new store in Chiang Rai. For HomePro Malaysia, the revenue growth was from existing store and 4 new stores at Melaka, Penang, Ipoh, and Johor Bahru. As a result, net profit was recorded at baht 4,886.39 million, increase by 18.45% from the previous year. The gross margin expansion from the selection and improvement of the product quality, internal efficiency improvement and activities to reduce loss (Lean Management) were main drivers for increase of net profit.

3.1 Sales Income

Unit: Million Baht

Item	2017		2016		2015	
	Amount	%	Amount	%	Amount	%
1. Revenue from Retailing of HomePro						
- Hard Line ¹	42,137.42	70.4	40,700.20	71.5	39,108.80	74.5
- Soft Line ²	9,931.33	16.6	9,314.50	16.4	8,580.00	16.3
2. Revenue from project sales of HomePro ³	145.20	0.2	381.9	0.7	343.2	0.7
3. Revenue from subsidiaries	7,674.38	12.8	6,531.80	11.5	4,480.70	8.5
Total Revenue from Sales	59,888.32	100.0	56,928.40	100.0	52,512.70	100.0

Remarks : 1. Hard Line categories include Tools, Paint, Home Improvement, Bathroom and Sanitary Ware, Kitchen, Home Appliances and Electrical Equipment.
2. Soft Line categories include Bedding, Home Textiles, Furniture, Lighting, Household Decorative Products, and Household Accessories.
3. Revenue from project sales is from the purchase of project owners which cannot be categorized per product line.

In 2017, the Company and its subsidiaries generated product sales income of Baht 59,888.32 million, increased by Baht 2,959.95 million or 5.20% from the previous year. Sales income can be categorized into 3 parts: 1) Revenue from retailing of HomePro, which can be divided into 2 parts, Hard Line and Soft Line, which increased from the previous year by Baht 1,437.22 million and Baht 616.83 million, respectively, 2) Revenue from project sales of HomePro cannot be categorized per product line. 3) Revenue from subsidiaries: revenue from Mega Home and HomePro in Malaysia, increased at Baht 1,142.58 million from new store expansion in 2017.

3.2 Other Income

In 2017, the Company and its subsidiaries had detail of change in Other income as follows:

- Rental and service income was Baht 1,896.47 million, an increase of Baht 71.83 million or 3.94% from higher rental income from leasable areas of HomePro's stores.

- Other income was Baht 2,449.70 million, an increase of Baht 58.64 million or 2.45% from higher support fee of promotional activities with suppliers and service income under "Home Service" program.

3.3 Cost of Sales and Gross Profit Margin

In 2017, the Company and its subsidiaries had the cost of sales was Baht 44,049.76 million, an increase of Baht 1,645.11 million or up by 3.88% which was driven by the increase of sales.

However, the Company's gross profit was Baht 15,838.56 million, an increase of Baht 1,314.84 million from last year. Gross profit margin was 26.45% increased from 25.51% in 2016 due to the change in product sales mix of both general merchandise and directly sourced private-label goods, product assortment planning. Mega Home and HomePro in Malaysia benefited from economies of scale resulted to a rise in gross profit margin.

3.4 Selling and Administrative Expenses (SG&A)

In 2017, the selling and administrative expenses of the Company and its subsidiaries amounted to Baht 13,750.28 million, an increase of Baht 609.47 million or 4.64%. This was due to a higher sales income. However, SG&A as a percentage of sales has marginally improved, resulting to a decrease from 23.08% in previous year to 22.96%. This decrease was due to the improvement in cost efficiency. The details of expense in each group are as follows:

- Selling expenses of Baht 11,816.21 million, an increase of Baht 606.74 million or up by 5.41%. This increase were mainly driven by the rise in personnel expenses, cost of services to customers, depreciation expense, and marketing expense.
- Administrative expenses of Baht 1,929.37 million, an increase of Baht 9.93 million or 0.52%. The increase was mainly from expense of Head Office.
- Other expenses of Baht 4.70 million, a decrease of Baht 7.20 million or 60.49%.

3.5 Finance Cost

Finance cost for the year 2017 was Baht 447.68 million, a decrease of Baht 56.00 million or 11.12%, due to the lower cost of debt from refinancing bond issued in the second half of 2016 and second quarter of 2017. In addition, the Company has analyzed and considered the funding cost through various tools such as cash flow analysis, cost of bank loan, or bond to balance the cost of fund. This is consistent with the policy that the Company has closely monitored the financial debt to equity ratio so that the ratio is in an appropriate level.

3.6 Net Profit

For the result of operation in 2017, the Company and its subsidiaries had net profit of Baht 4,886.39 million, an increase of Baht 761.19 million, or 18.45%. The net profit margin was 8.16%, increased from 7.25% in the previous year. The increase was mainly due to efficient cost and expense management. In 2017, the Company continually operates business and activities complying with strategy for profit enhancement and cost control.

3.7 Return on Equity

The return on equity as of December 31, 2017 was 27.05%, increased from 23.99% in the previous year. The result was mainly from the rise in net profitability margin caused by higher revenue, improved cost of sales management, higher gross profit from change in product sales mix of both general merchandise and directly sourced private-label goods, operational efficiency improvement, lower cost of debt, and better performance from Mega Home.

4. Asset Management

As at December 31, 2017, the Company and its subsidiaries had total assets of Baht 50,949.35 million, a decreased of Baht 796.89 million or 1.54%. The decrease of asset was due to the change of significant transactions as follows:

- Cash and cash equivalents decreased by Baht 1,215.67 million which was from the repayment of short term and long term loan from financial institutions and repayment of debenture.
- Account receivable decreased by Baht 177.21 million from credit card receivable paid in the end of year. Other receivables increased by Baht 76.52 million, which was from support fee of promotional activities, rental and service income. However, the Company analyzed an account receivable aging. As at December 31, 2017, the Company had trade and

other receivables aging more than 12 months of Baht 37.24 million, and the allowance for doubtful debts of Baht 31.52 million.

- Net inventory increased by Baht 671.44 million, which was driven by the expansion of new HomePro, Mega Home and HomePro stores in Malaysia. The Company manages its inventory using a computer system which helps to track and compare aging inventory to the Company's

threshold to prevent outdated or deteriorated inventory. The Company also has an inventory physical counting plan, which will be monitored by a designated team.

- Investment properties, net property, plant and equipment, net computer software and net leasehold rights totaling decreased by Baht 182.29 million or 0.51%, which was depreciation of asset in 2017.

5. Liquidity and Capital Sufficiency

Summary of cash flow statement as of December 31, 2017 compared to the same period of 2016 is as follows:

Unit: Million Baht

Transactions	Consolidated Financial Statement		Separate Financial Statement	
	2017	2016	2017	2016
Cash flow from operating activities	7,525.55	6,986.57	6,976.68	6,404.43
Cash flow from investing activities	(3,232.91)	(4,949.97)	(2,214.40)	(4,345.63)
Cash flow from financing activities	(5,495.22)	(1,051.59)	(5,934.84)	(1,038.40)
Transaction adjustments	(13.09)	37.51	-	-
Net increase (decrease) in cash	(1,215.67)	1,022.52	(1,172.56)	1,020.41

As of December 31, 2017, the Company and its subsidiaries' cash and cash equivalents were Baht 2,504.91 million, net decreased from December 31, 2016 by Baht 1,215.67 million which comprised from the following activities:

- Net cash from operating activities of Baht 7,525.55 million which was derived from the profit from operating activities before changes in operating assets and liabilities of Baht 9,643.63 million, and working capital decreased from changes in operating assets and liabilities e.g. trade and other receivables decreased by Baht 96.88 million, inventories increased by Baht 829.29 million, trade and other payables increased by Baht 300.98 million, advances

received from customers decreased by Baht 166.63 million, other current liabilities increased by Baht 68.67 million, and interest expense of Baht 473.36 million, and corporate income tax of Baht 1,051.24 million.

- Net cash used for investing activities totaled Baht 3,232.91 million from investment in land, building and equipment for store expansion in 2017 and next year of Baht 2,959.10 million, invest in lease hold and computer software of Baht 198.07 million and Baht 108.64 million, respectively.
- Net cash used for financing activities totaled Baht 5,495.22 million which such amount was the repayment of long term loan from financial

institution and debentures by Baht 700 million and Baht 4,050 million respectively as well as repayment for the net short term loan from financial institution of Baht 1,166.27 million and dividend payment of Baht 3,682.93 million. In this regard, the Company funded those activities by issuing new debentures 1/2017 of Baht 4,000 million.

5.1 Liquidity Ratio

As of December 31, 2017, the Company and its subsidiaries' current assets was Baht 15,241.68 million and current liabilities was Baht 20,377.78 million. In this regard, such amount can be calculated into liquidity ratio of 0.75 times which increased from the previous year's ratio of 0.71 times. In addition, the Company has the source of short term financing for keeping adequate liquidity from Bank overdrafts and short term loans, and international trade finance facilities.

5.2 Capital Structure

The capital structure of the Company as of December 31, 2017 consisted mainly of the

Company's unsecured long term credit facilities from a financial institution, and unsubordinated and unsecured debentures. The Company's total debt was Baht 32,314.55 million. In this regard, if such amount is calculated as the total amount of Debt to Equity ratio, it would be equivalent to 1.73 time which is lower as compared to 1.96 time in the previous year due to a decrease of short term loan from financial institution and repayment of long term loan.

According to the terms and conditions or requirements stipulated to the duties of bond issuers, the issuers shall maintain Debt to Equity Ratio of not over 2.50 times. The Company is able to maintain its strong balance sheet by keeping the financial debt to equity ratio lower than the requirement. In 2017, the Company has financial outstanding debt of Baht 15,062.79 million and financial debt to equity of 0.81 times decreased from 0.96 times in 2016 from debt repayment. The Company's financial debt to equity ratio during 2015 - 2017 are as follows:

	2017	2016	2015
Financial Debt to Equity ratio	0.81	0.96	0.85

5.3 Shareholders' equity

As of December 31, 2017, the shareholders' equity was Baht 18,634.79 million, an increase of Baht 1,144.42 million or 6.54% from the previous year. The increase came from higher retained earnings of Baht 1,156.28 million. The retained earnings can be divided into 2 parts, legal reserve (Appropriated) and retained earnings (Unappropriated) of Baht 54.84 million and Baht 1,101.44 million, respectively.

5.4 Capital Expenditure

In 2017, the Company's Net Capital Expenditure was Baht 3,232.91 million which was used for building construction, land purchase, payment for land leasehold rights, for new stores opened in 2017 and stores opening in the future "HomePro", "Mega Home" and "HomePro in Malaysia", modernize of existing stores of Baht 3,157.17 million. Also, Baht 108.64 million was used in the purchase of software. Sources of fund include cash flow from operation, loans from financial institutions, and debentures.

5.5 Ability to source funding and repayment ability

At present, the Company raises both short term and long term loan from financial institution debentures issuance, which are rated by TRIS annually and at the time of issuance. The Company has the covenant to maintain the net debt to equity ratio not more than 2.5 times. In 2017, TRIS rating has revised upward the Company's credit rating at A+ from "Stable" to "Positive", reflecting improvement in better cash flow generation from the change in better products sales mix and operational efficiency in cost control.

6. Financial Obligation

As of December 31, 2017, total liabilities of the Company and its subsidiaries were Baht 32,314.55 million decreased from the previous year by Baht 1,941.31 million or 5.67%, which caused by the change of the following crucial transactions:

- Short term loan from financial institutions decreased by Baht 1,166.27 million from principle repayment.
- Accounts Payable increased by Baht 53.36 million which was from the increase products order according to sales growth and increase in number of new stores.
- Net long term loans decreased by Baht 588.83 million which such amount was the principle repayment to the financial institutions. However, the current portion which will be due at Baht 300.00 million, the Company plans to repay with funds from operation and external sources such as debenture issuance or bank loan.
- Net debenture decreased by Baht 50.00 million from principle repayment. The unsecured debentures No. 1/2017 has been issued for Baht 4,000.00 million.

- Advances received from customers decreased by Baht 166.63 million due to faster delivery compared to the previous year.

The long-term loans and debentures have been disclosed on Note 19 and 21 respectively to the notes of financial statements.

7. Factors or events that may affect HomePro's financial status or performance in the future

Because our products are discretionary consumer products; therefore, purchasing power and economic situation are the key factors that affect the Company's sales. However, the economic situation in 2017 and 2018 is in a positive trend. In addition, the Company has prepared the annual plan and followed up the results from management on a monthly basis, so the contingency plan can be adjusted or rescheduled to be ready for an unexpected incident. The Risk Management Plan has been prepared and the acceptable level of risk is defined.

Regarding of Cost Management, to increase gross profit the Company has improved the Private Brand products, that have higher profit margin aiming to increase gross profit margin by serving customer's need in terms of quality, design and price. In addition, the Company also considered improving of the distribution center at Wang Noi, Ayutthaya to be up-to-date, more efficient, accurate, precise and to reduce cost of operations as well as dependence of alienate workers.

Moreover, the Company is considering issuing new debentures to reduce the interest burden as the current and future interest rate is still low. The Company also closely monitors the Tax Management in terms of tax policy and reduction programs in order to maximize the benefit of the Company.

8. Management Discussion and Analysis (MD&A) and Outlook

Thai economy in 2017 was growing at a steady pace. The main drivers were the export sector and the tourism sector. Household spending has also grown in some areas such as Bangkok and major provinces that do not depend on the farm income since agricultural products' price remain at low.

However, the government has issued various campaigns to stimulate the economy, such as investment in infrastructure projects, domestic investment tax measures for private sector, increase of income for lower income people, SME liquidity support and measures to promote spending through various activities. This could stimulate the economy and restore consumer confidence indexes to a certain extent.

From the aforementioned factors, the economy is in a positive trend. The key factors are from economic stimulation conducted by the government and domestic demand. The company still benefits from its extensive regional branches coverage in Thailand and customers with high purchasing power. This helps to diversify the company's risk even though the Company is facing the volatility of customer purchasing power in many areas.

In addition, the company is prepared to address the change in consumer needs. In terms of change in lifestyle, expansion of urban society, change in consumer spending in the digital age including the increase of purchasing methods through online channels, and purchase decisions through suggestions

from individuals, organizations, brands influencer, etc. The company has changed the way of business to be up-to-date as follows:

- Reach more customer by using HomePro S business model which is mainly located in the community mall.
- Add new services to serve all customer's need. Currently, the Company has offered more than 40 types of home services.
- Add online shopping channel via www.homepro.co.th and formulate an Omni-channel strategies to provide a seamless shopping experience to customer by integrating Online-to-Offline which the HomePro branches will act as an extension to the online business.
- Create a TV program called Home Makeover, to inspire houseowner to do home and improvement as well as to show the readiness of our technician teams who have been well trained and developed skills.
- Product selection and development from both Private Brand and in general to make the quality and price that are acceptable.

In order to achieve our vision of being a leader in the Home Solution and Living Experience business in Thailand and Southeast Asia, we continue to expand our branches of Mega Home and HomePro in Malaysia. Also, we are looking for new business opportunities in both domestically and internationally. From our plan and the effective operation of the company, we ensure that the Company is going to achieve the set vision.

9. Research and Development Expenses

The Company had expenditure for the development of innovations which could provide long-term competitiveness. In 2017, the details of main research and development projects are as follows:

- Project “Home Makeover”, innovative services by professional teams of Home Service, who provide advice, design and house renovation. It is a Reality Show about home improvements, by choosing 10 types of house which has different problems such as different lifestyle between new generations and the elderly, etc and solved these problems. The show was broadcasted on Voice TV. The costs associated with this projects was approximately Baht 30 million.
- Product development under “Private Brand”, the Company had team to develop, design and order placing under the Company’s own operation. The development of “Private Brand” is to meet customer’s demand. The costs associated with this projects was approximately Baht 30 million.

10. Audit Fee

According to the minutes of the Annual General Shareholders’ Meeting in 2017, which resolved to appoint the Auditors of EY Office Limited as the Company’s and its subsidiaries’ auditor of 2017, with the audit fee of Baht 3,415,000 and other fee, i.e. fee for being witness for destruction of damaged goods at approximately Baht 100,000. Moreover, there may be additional audit fee from the expansion of new store, registration of new company or other expense of audit which fee does not exceed Baht 1,000,000.

The actual audit fee for 2016 and 2017 included audit fee for the Company and its subsidiaries, and other services fee as follows:

Unit: Million Baht

Transactions	2017	2016
Audit Fee	3,415,000	3,415,000
Other Services	120,000	120,000
Total	3,535,000	3,535,000

REPORT OF BOARD OF DIRECTORS'

RESPONSIBILITIES IN THE FINANCIAL STATEMENTS

Dear Shareholders

The company consolidated financial statements of Home Product Center Public Company Limited and its subsidiaries have been prepared in conformity with the requirements of the Public Company Act B.E. 2535 (1992), the Securities and Exchange Act B.E. 2535 (1992), the Announcement of the Department of Commercial Registration dated September 14, 2001, and the accounting standards prescribed by the Federation of Accounting Professions.

The Board of Directors had an opinion that the company's overall internal control system is at satisfactory level, sufficient to maintain the assets and to protect from fraud, and is responsible for the financial report of the Company and its subsidiaries in order to ensure that it shows the actual result of operation, financial status, and cash flows. There has been proper recording of accurate and complete accounting information. Preparing of the financial reports has been considered of selecting appropriate accounting policy and regularly in compliance with the general accepted accounting standard, and there has been disclosing of sufficient significant information in the supplementary to the financial statements.



(Mr. Manit Udomkunnatum)

Chairman of the Executive Committee



(Mr. Khunawut Thumpomkul)

Managing Director

Independent Auditor's Report

To the Shareholders of Home Product Center Public Company Limited

Opinion

I have audited the accompanying consolidated financial statements of Home Product Center Public Company Limited and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2017, and the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and have also audited the separate financial statements of Home Product Center Public Company Limited for the same period.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Home Product Center Public Company Limited and its subsidiaries and of Home Product Center Public Company Limited as at 31 December 2017, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Group in accordance with the Code of Ethics for Professional Accountants as issued by the Federation of Accounting Professions as relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial statements of the current period. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

I have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report, including in relation to these matters. Accordingly, my audit included the performance of procedures designed to respond to my assessment of the risks of material misstatement of the financial statements. The results of my audit procedures, including the procedures performed to address the matters below, provide the basis for my audit opinion on the accompanying financial statements as a whole.

Key audit matters and how audit procedures respond for each matter are described below.

Recognition of revenue from sales

The amount of revenue from sales that the Group recognises in each period forms a significant portion of total revenue and the Group is engaged in retail business and has a large number of retail stores. I therefore determined as a key audit matter by focusing on the timing of the recognition of revenue from sales. The accounting policy for recognition of revenue from sales is disclosed in Note 4.1 to the consolidated financial statements.

I performed audit procedures on the recognition of revenue from sales of the Group including:

- Assessed and tested the Group's IT general controls and internal controls with respect to the revenue cycle.
- Applied a sampling method to select sales documents to examine whether the revenue recognition was in compliance with the Group's policy, and, on a sampling basis, examined supporting documents for actual sales transactions occurring during the year and near the end of the accounting period.
- Performed analytical procedures on disaggregated data of sales transactions throughout the period.

Allowance for diminution in value of inventories

Estimating the allowance for diminution in value of inventories, as disclosed in Note 5 and Note 9 to the consolidated financial statements, is an area of significant management judgement, particularly with regard to the estimation of allowance for lost, damaged or obsolete inventories.

I evaluated the determination of allowance for diminution in value of inventories. The procedures that I performed included:

- Gained an understanding of the methods and assumptions applied by the management in determining the allowance for diminution in value of inventories and reviewed the consistency of the application of that basis.
- Compared inventory holding periods with inventory movements to identify product groups with indicators of lower than normal inventory turnover.
- Compared details of sales transactions occurring after the date of the financial statements with the cost of inventory for each group of products, and, on a sampling basis, examined relevant supporting documents.

Other Information

Management is responsible for the other information. The other information comprise the information included in annual report of the Group, but does not include the financial statements and my auditor's report thereon. The annual report of the Group is expected to be made available to me after the date of this auditor's report.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated.

When I read the annual report of the Group, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance for correction of the misstatement.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Thai Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Thai Standards on Auditing, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

I am responsible for the audit resulting in this independent auditor's report.



(Gingkarn Atsawarangsalit)

Certified Public Accountant (Thailand) No. 4496

EY Office Limited

Bangkok: 27 February 2018

Statement of financial position

Home Product Center Public Company Limited and its subsidiaries As at 31 December 2017

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
Assets					
Current assets					
Cash and cash equivalents	6, 7	2,504,912,544	3,720,584,484	2,239,065,109	3,411,624,840
Trade and other receivables	6, 8	1,796,557,259	1,895,479,823	1,824,992,208	1,837,787,724
Short-term loans to related parties	6	-	-	3,337,970,000	4,014,082,285
Inventories	9	10,342,989,779	9,671,544,973	8,227,297,548	7,846,961,997
Value added tax receivable		395,818,318	422,364,657	-	28,359,439
Other current assets	10	201,401,559	190,205,081	148,162,112	151,503,051
Total current assets		15,241,679,459	15,900,179,018	15,777,486,977	17,290,319,336
Non-current assets					
Investments in subsidiaries	11	-	-	1,944,677,083	1,258,678,588
Investment properties	12	2,814,481,139	3,046,951,189	3,991,342,914	3,889,930,964
Property, plant and equipment	13	29,422,471,014	29,539,711,266	23,482,818,437	24,201,255,276
Computer software	14	491,291,275	426,036,378	461,952,961	391,850,616
Leasehold rights	15	2,619,588,285	2,517,422,480	2,283,655,244	2,222,109,589
Property foreclosed		3,229,639	3,229,639	3,229,639	3,229,639
Rental guarantee deposits	6	55,487,639	52,576,350	54,782,640	51,703,350
Deferred tax assets	26	189,722,402	179,062,786	159,630,839	154,098,269
Other non-current assets		111,395,565	81,062,955	6,829,728	4,844,495
Total non-current assets		35,707,666,958	35,846,053,043	32,388,919,485	32,177,700,786
Total assets		50,949,346,417	51,746,232,061	48,166,406,462	49,468,020,122

The accompanying notes are an integral part of the financial statements.

Statement of financial position (continued)

Home Product Center Public Company Limited and its subsidiaries As at 31 December 2017

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
Liabilities and shareholders' equity					
Current liabilities					
Short-term loans from financial institutions	16	341,137,530	1,507,404,638	-	1,500,000,000
Trade and other payables	6, 17	14,084,932,756	14,031,577,290	11,895,488,239	11,866,668,096
Current portion of liabilities under finance lease agreements	18	4,764,071	7,192,830	2,094,185	1,907,906
Short-term loan from related party	6	-	-	100,000,000	100,000,000
Current portion of long-term loans	19	300,000,000	700,000,000	300,000,000	700,000,000
Current portion of debentures	21	3,500,000,000	4,050,000,000	3,500,000,000	4,050,000,000
Income tax payable		454,065,163	405,993,298	454,065,163	404,642,158
Value added tax payable		2,974,444	789,449	2,413,466	-
Advances received from customers		961,193,772	1,127,819,263	910,482,799	1,063,297,577
Other current liabilities		728,712,599	660,637,286	689,794,500	621,340,448
Total current liabilities		20,377,780,335	22,491,414,054	17,854,338,352	20,307,856,185
Non-current liabilities					
Liabilities under finance lease agreements					
- net of current portion	18	5,724,820	10,488,892	5,724,820	7,819,005
Long-term loans - net of current portion	19	211,167,760	400,000,000	100,000,000	400,000,000
Debentures - net of current portion	21	10,700,000,000	10,200,000,000	10,700,000,000	10,200,000,000
Provision for long-term employee benefits	20	262,235,560	185,753,863	234,405,931	165,307,213
Rental received in advance - net of current portion		359,393,374	383,164,468	359,393,374	383,164,468
Other non-current liabilities		398,252,549	585,041,864	153,943,539	314,773,171
Total non-current liabilities		11,936,774,063	11,764,449,087	11,553,467,664	11,471,063,857
Total liabilities		32,314,554,398	34,255,863,141	29,407,806,016	31,778,920,042

The accompanying notes are an integral part of the financial statements.

Statement of financial position (continued)

Home Product Center Public Company Limited and its subsidiaries As at 31 December 2017

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
Shareholders' equity					
Share capital	22				
Registered share capital					
13,151,198,025 ordinary shares of Baht 1 each		13,151,198,025	13,151,198,025	13,151,198,025	13,151,198,025
Issued and fully paid-up					
13,151,198,025 ordinary shares of Baht 1 each		13,151,198,025	13,151,198,025	13,151,198,025	13,151,198,025
Premium on ordinary shares		646,323,076	646,323,076	646,323,076	646,323,076
Retained earnings					
Appropriated	24				
Statutory reserve - The Company		1,315,120,000	1,260,280,000	1,315,120,000	1,260,280,000
Statutory reserve - Subsidiaries		1,000,000	1,000,000	-	-
Unappropriated		3,588,749,174	2,487,311,034	3,645,959,345	2,631,298,979
Other components of shareholders' equity		(67,601,885)	(55,746,844)	-	-
Equity attributable to owners of the Company		18,634,788,390	17,490,365,291	18,758,600,446	17,689,100,080
Non-controlling interests of the subsidiaries		3,629	3,629	-	-
Total shareholders' equity		18,634,792,019	17,490,368,920	18,758,600,446	17,689,100,080
Total liabilities and shareholders' equity		50,949,346,417	51,746,232,061	48,166,406,462	49,468,020,122
		-	-	-	-

The accompanying notes are an integral part of the financial statements.

Directors

Statement of comprehensive income

Home Product Center Public Company Limited and its subsidiaries For the year ended 31 December 2017

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
Profit or loss:					
Revenues					
Sales income		59,888,318,922	56,928,368,670	52,136,279,413	50,361,400,048
Rental and service income		1,896,470,963	1,824,642,182	1,678,181,931	1,562,658,684
Other income		2,449,695,219	2,391,060,880	2,503,102,876	2,541,524,535
Total revenues		64,234,485,104	61,144,071,732	56,317,564,220	54,465,583,267
Expenses					
Cost of sales		44,049,761,241	42,404,650,458	38,001,499,918	37,192,667,688
Selling and service expenses		11,816,207,629	11,209,470,535	10,259,878,457	9,946,726,128
Administrative expenses		1,929,374,859	1,919,446,128	1,720,917,699	1,712,717,292
Other expenses		4,701,885	11,901,854	173,224	361,783
Total expenses		57,800,045,614	55,545,468,975	49,982,469,298	48,852,472,891
Profit before finance cost and income tax expenses		6,434,439,490	5,598,602,757	6,335,094,922	5,613,110,376
Finance cost		(447,681,591)	(503,683,576)	(435,276,765)	(502,983,448)
Profit before income tax expenses		5,986,757,899	5,094,919,181	5,899,818,157	5,110,126,928
Income tax expenses	26	(1,100,370,406)	(969,723,645)	(1,101,533,282)	(964,081,357)
Profit for the year		4,886,387,493	4,125,195,536	4,798,284,875	4,146,045,571
Other comprehensive income:					
<i>Other comprehensive income to be reclassified</i>					
<i>to profit or loss in subsequent period:</i>					
Exchange differences on translation of financial statements in foreign currency		(11,855,041)	13,237,271	-	-
		(11,855,041)	13,237,271	-	-
<i>Other comprehensive income not to be reclassified</i>					
<i>to profit or loss in subsequent period:</i>					
Actuarial loss	20	(59,719,653)	-	(58,063,598)	-
Less: Income tax effect	26	11,943,931	-	11,612,720	-
		(47,775,722)	-	(46,450,878)	-
Other comprehensive income for the year		(59,630,763)	13,237,271	(46,450,878)	-
Total comprehensive income for the year		4,826,756,730	4,138,432,807	4,751,833,997	4,146,045,571

The accompanying notes are an integral part of the financial statements.

Statement of comprehensive income (continued)

Home Product Center Public Company Limited and its subsidiaries For the year ended 31 December 2017

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2017	2016	2017	2016
Profit attributable to:					
Equity holders of the Company		4,886,387,493	4,125,195,536	4,798,284,875	4,146,045,571
Non-controlling interests of the subsidiaries		-	-		
		<u>4,886,387,493</u>	<u>4,125,195,536</u>		
Total comprehensive income attributable to:					
Equity holders of the Company		4,826,756,730	4,138,432,807	4,751,833,997	4,146,045,571
Non-controlling interests of the subsidiaries		-	-		
		<u>4,826,756,730</u>	<u>4,138,432,807</u>		
Earnings per share	27				
Basic earnings per share					
Profit attributable to equity holders of the Company		0.37	0.31	0.36	0.32

The accompanying notes are an integral part of the financial statements.

Cash flows statement

Home Product Center Public Company Limited and its subsidiaries For the year ended 31 December 2017

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Cash flows from operating activities				
Profit before tax	5,986,757,899	5,094,919,181	5,899,818,157	5,110,126,928
Adjustments to reconcile profit before tax to net cash provided by (paid for) operating activities				
Depreciation and amortisation	3,065,840,157	2,904,950,257	2,565,078,587	2,514,813,114
Decrease of inventories to net realisable value	157,847,198	149,116,682	135,948,373	131,183,120
Loss from sales of assets and written-off	10,553	502,330	215,448	452,601
Allowance for doubtful accounts	1,774,111	13,777,404	927,111	13,059,826
Allowance for impairment of assets (reverse)	(4,320,294)	69,901,075	(4,320,294)	69,901,075
Provision for long-term employee benefits	47,542,901	23,133,454	41,749,764	19,267,266
Unrealised exchange loss (gain)	(24,573,521)	10,773,553	464,485	(166,484)
Dividend income from subsidiary	-	-	-	(89,996,400)
Interest income	(27,122,882)	(19,438,394)	(177,621,490)	(164,718,389)
Interest expenses	439,877,855	494,729,105	428,348,859	494,669,002
Profit from operating activities before changes in operating assets and liabilities	9,643,633,977	8,742,364,647	8,890,609,000	8,098,591,659
Decrease (increase) in operating assets				
Trade and other receivables	96,878,863	(204,485,509)	3,664,220	(257,948,234)
Inventories	(829,292,003)	(1,455,903,901)	(516,283,923)	(895,580,763)
Value added tax receivable	26,546,339	(81,260,939)	28,359,439	40,534,688
Other current assets	(11,196,478)	68,983,084	3,340,939	48,077,412
Other non-current assets	(33,243,899)	(31,841,733)	(5,064,523)	7,376,041
Increase (decrease) in operating liabilities				
Trade and other payables	300,978,666	1,268,219,531	216,093,687	699,776,595
Value added tax payable	2,184,995	(805,014)	2,413,466	-
Advances received from customers	(166,625,491)	108,874,341	(152,814,778)	81,109,282
Other current liabilities	68,672,415	76,942,872	69,051,156	77,429,563
Rental received in advance	(23,771,094)	(13,103,598)	(23,771,094)	(13,103,598)
Cash paid for provision for long-term employee benefits	(30,780,857)	(2,433,000)	(30,714,644)	(2,433,000)
Other non-current liabilities	6,159,907	14,596,746	-	-
Cash flows from operating activities	9,050,145,340	8,490,147,527	8,484,882,945	7,883,829,645
Cash paid for interest expenses	(473,356,548)	(504,629,378)	(462,169,506)	(504,569,276)
Cash paid for corporate income tax	(1,051,236,028)	(998,944,556)	(1,046,030,129)	(974,825,673)
Net cash flows from operating activities	7,525,552,764	6,986,573,593	6,976,683,310	6,404,434,696

The accompanying notes are an integral part of the financial statements.

Cash flows statement (continued)

Home Product Center Public Company Limited and its subsidiaries For the year ended 31 December 2017

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Cash flows from investing activities				
Increase in investments in subsidiary	-	-	(500,000,000)	(500)
Dividend income from subsidiary	-	-	-	89,996,400
Short-term loans to related parties	-	-	(738,970,000)	(2,079,000,000)
Cash received from short-term loans to related parties	-	-	1,238,000,000	858,479,215
Acquisitions of computer software	(108,642,411)	(116,239,735)	(108,248,351)	(116,037,394)
Acquisitions of leasehold rights	(198,068,200)	(441,033,787)	(147,828,200)	(365,279,342)
Acquisitions of property, plant and equipment	(2,713,560,704)	(4,435,844,895)	(1,925,478,719)	(2,847,263,420)
Decrease (increase) in construction retention	(192,949,222)	166,356,880	(160,829,633)	99,993,854
Acquisitions of investment properties	(52,587,335)	(150,221,323)	(52,587,335)	(150,221,323)
Proceeds from sales of equipment	5,467,259	8,185,907	4,587,710	8,039,229
Proceeds from sales of investment properties' equipment	40,663	58,323	40,663	58,323
Cash received from interest income	27,392,472	18,768,038	176,909,464	155,609,374
Net cash flows used in investing activities	(3,232,907,478)	(4,949,970,592)	(2,214,404,401)	(4,345,625,584)
Cash flows from financing activities				
Cash received from Short-term loans from financial institutions	9,948,754,809	2,507,404,638	5,330,000,000	2,500,000,000
Repayment of short-term loans from financial institutions	(11,115,021,917)	(1,000,000,000)	(6,830,000,000)	(1,000,000,000)
Increase (decrease) in liabilities under finance lease agreements	(7,192,831)	(9,427,026)	(1,907,906)	1,166,721
Cash received from Short-term loan from related party	-	-	-	100,000,000
Repayment of short-term loan from related party	-	-	-	(90,000,000)
Cash received from long-term loans	111,167,760	-	-	-
Repayment of long-term loans	(700,000,000)	(700,000,000)	(700,000,000)	(700,000,000)
Proceeds from the issuance of debentures	4,000,000,000	5,700,000,000	4,000,000,000	5,700,000,000
Repayment of debentures	(4,050,000,000)	(4,000,000,000)	(4,050,000,000)	(4,000,000,000)
Dividend paid	(3,682,930,734)	(3,549,564,340)	(3,682,930,734)	(3,549,564,340)
Net cash flows used in financing activities	(5,495,222,913)	(1,051,586,728)	(5,934,838,640)	(1,038,397,619)
Translation adjustments	(13,094,313)	37,505,440	-	-
Net increase (decrease) in cash and cash equivalents	(1,215,671,940)	1,022,521,713	(1,172,559,731)	1,020,411,493
Cash and cash equivalents at beginning of year	3,720,584,484	2,698,062,771	3,411,624,840	2,391,213,347
Cash and cash equivalents at end of year (Note 7)	2,504,912,544	3,720,584,484	2,239,065,109	3,411,624,840

Supplemental cash flows information:

Non-cash items consist of

Purchases of equipment that have not yet been paid	140,376	329,947	79,433	233,350
Increase in investment in subsidiary resulted from				
debt restructuring program	-	-	185,998,496	-
Transfer property, plant and equipment to investment properties	-	-	333,882,000	37,054,350
Dividend payable	-	1,124,519	-	1,124,519
Actuarial loss	59,719,653	-	58,063,598	-

The accompanying notes are an integral part of the financial statements.

Statement of changes in shareholders' equity

Home Product Center Public Company Limited and its subsidiaries For the year ended 31 December 2017

(Unit: Baht)

Consolidated financial statements											
Equity attributable to owners of the Company											
Other components of equity											
Other comprehensive income											
Exchange differences on translation of financial statements in foreign currency											
Total equity attributable to owners of the Company											
Equity attributable to non-controlling interests of the subsidiaries											
Total shareholders' equity											
Note	Issued and paid-up share capital	Premium on ordinary shares	Appropriated - The Company	Retained earnings - statutory reserve Subsidiaries	Unappropriated						
	13,151,198,025	646,323,076	1,052,880,000	1,000,000	2,120,204,357	(68,984,115)	16,902,621,343	7,729	16,902,629,072		
	-	-	-	-	4,125,195,536	-	4,125,195,536	-	4,125,195,536		
	-	-	-	-	-	13,237,271	13,237,271	-	13,237,271		
30	-	-	-	-	4,125,195,536	13,237,271	4,138,432,807	-	4,138,432,807		
	-	-	-	-	(3,550,688,859)	-	(3,550,688,859)	-	(3,550,688,859)		
	-	-	-	-	-	-	-	(3,600)	(3,600)		
	-	-	-	-	-	-	-	(500)	(500)		
24	-	-	207,400,000	-	(207,400,000)	-	-	-	-		
	13,151,198,025	646,323,076	1,260,280,000	1,000,000	2,487,311,034	(55,746,844)	17,490,365,291	3,629	17,490,368,920		
	13,151,198,025	646,323,076	1,260,280,000	1,000,000	2,487,311,034	(55,746,844)	17,490,365,291	3,629	17,490,368,920		
	-	-	-	-	4,886,387,493	-	4,886,387,493	-	4,886,387,493		
	-	-	-	-	(47,775,722)	(11,855,041)	(59,630,763)	-	(59,630,763)		
	-	-	-	-	4,838,611,771	(11,855,041)	4,826,756,730	-	4,826,756,730		
30	-	-	-	-	(3,682,333,631)	-	(3,682,333,631)	-	(3,682,333,631)		
	-	-	54,840,000	-	(54,840,000)	-	-	-	-		
24	13,151,198,025	646,323,076	1,315,120,000	1,000,000	3,588,749,174	(67,601,885)	18,634,788,390	3,629	18,634,792,019		
	-	-	-	-	-	-	-	-	-		
	-	-	-	-	-	-	-	-	-		
	-	-	-	-	-	-	-	-	-		
	-	-	-	-	-	-	-	-	-		
	-	-	-	-	-	-	-	-	-		
	-	-	-	-	-	-	-	-	-		
	-	-	-	-	-	-	-	-	-		
	-	-	-	-	-	-	-	-	-		
	-	-	-	-	-	-	-	-	-		
	-	-	-	-	-	-	-	-	-		
	-	-	-	-	-	-	-	-	-		
	-	-	-	-	-	-	-	-	-		
	-	-	-	-	-	-	-	-	-		
	-	-	-	-	-	-	-	-	-		
	-	-	-	-	-	-	-	-	-		
	-	-	-	-	-	-	-	-	-		
	-	-	-	-	-	-	-	-	-		
	-	-	-	-	-	-	-	-	-		
	-	-	-	-	-	-	-	-	-		
	-	-	-	-	-	-	-	-	-		
	-	-	-	-	-	-	-	-	-		
	-	-	-	-	-	-	-	-	-		
	-	-	-	-	-	-	-	-	-		
	-	-	-	-	-	-	-	-	-		
	-	-	-	-	-	-	-	-	-		
	-	-	-	-	-	-	-	-	-		
	-	-	-	-	-	-	-	-	-		
	-	-	-	-	-	-	-	-	-		
	-	-	-	-	-	-	-	-	-		
	-	-	-	-	-	-	-	-	-		
	-	-	-	-	-	-	-	-	-		
	-	-	-	-	-	-	-	-	-		
	-	-	-	-	-	-	-	-	-		
	-	-	-	-	-	-	-	-	-		
	-	-	-	-	-	-	-	-	-		
	-	-	-	-	-	-	-	-	-		
	-	-	-	-	-	-	-	-	-		
	-	-	-	-	-	-	-	-	-		
	-	-	-	-	-	-	-	-	-		
	-	-	-	-	-	-	-	-	-		
	-	-	-	-	-	-	-	-	-		
	-	-	-	-	-	-	-	-	-		
	-	-	-	-	-	-	-	-	-		
	-	-	-	-	-	-	-	-	-		
	-	-	-	-	-	-	-	-	-		
	-	-	-	-	-	-	-	-	-		
	-	-	-	-	-	-	-	-	-		
	-	-	-	-	-	-	-	-	-		
	-	-	-	-	-	-	-	-	-		
	-	-	-	-	-	-	-	-	-		
	-	-	-	-	-	-	-	-	-		
	-	-	-	-	-	-	-	-	-		
	-	-	-	-	-	-	-	-	-		
	-	-	-	-	-	-	-	-	-		
	-	-	-	-	-	-	-	-	-		
	-	-	-	-	-	-	-	-	-		
	-	-	-	-	-	-	-	-	-		
	-	-	-	-	-	-	-	-	-		
	-	-	-	-	-	-	-	-	-		
	-	-	-	-	-	-	-	-	-		
	-	-	-	-	-	-	-	-	-		
	-	-	-	-	-	-	-	-	-		
	-	-	-	-	-	-	-	-	-		
	-	-	-	-	-	-	-	-	-		
	-	-	-	-	-	-	-	-	-		
	-	-	-	-	-	-	-	-	-		
	-	-	-	-	-	-	-	-	-		
	-	-	-	-	-	-	-	-	-		
	-	-	-	-	-	-	-	-	-		
	-	-	-	-	-	-	-	-	-		

The accompanying notes are an integral part of the financial statements.

Statement of changes in shareholders' equity

Home Product Center Public Company Limited and its subsidiaries
For the year ended 31 December 2017

Separate financial statements							(Unit: Baht)
	Note	Issued and paid-up share capital	Premium on ordinary shares	Retained earnings		Total shareholders' equity	
				- statutory reserve	Unappropriated		
Balance as at 1 January 2016		13,151,198,025	646,323,076	1,052,880,000	2,243,342,267	17,093,743,368	
Profit for the year		-	-	-	4,146,045,571	4,146,045,571	
Other comprehensive income for the year		-	-	-	-	-	
Total comprehensive income for the year		-	-	-	4,146,045,571	4,146,045,571	
Dividend paid	30	-	-	-	(3,550,688,859)	(3,550,688,859)	
Unappropriated retained earnings transferred to statutory reserve	24	-	-	207,400,000	(207,400,000)	-	
Balance as at 31 December 2016		13,151,198,025	646,323,076	1,260,280,000	2,631,298,979	17,689,100,080	
Balance as at 1 January 2017		13,151,198,025	646,323,076	1,260,280,000	2,631,298,979	17,689,100,080	
Profit for the year		-	-	-	4,798,284,875	4,798,284,875	
Other comprehensive income for the year		-	-	-	(46,450,878)	(46,450,878)	
Total comprehensive income for the year		-	-	-	4,751,833,997	4,751,833,997	
Dividend paid	30	-	-	-	(3,682,333,631)	(3,682,333,631)	
Unappropriated retained earnings transferred to statutory reserve	24	-	-	54,840,000	(54,840,000)	-	
Balance as at 31 December 2017		13,151,198,025	646,323,076	1,315,120,000	3,645,959,345	18,758,600,446	
		-	-	-	-	-	
		-	-	-	-	-	

The accompanying notes are an integral part of the financial statements.

Note to consolidated financial statements

Home Product Center Public Company Limited and its subsidiaries For the year ended 31 December 2017

1. General information

Home Product Center Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. Its major shareholders are Land and Houses Public Company Limited and Quality Houses Public Company Limited, which were incorporated in Thailand. The Company is principally engaged in the trading of a complete range of goods and materials for construction, addition, refurbishment, renovation, and improvement of buildings, houses, and residences, and the provision of services relevant to retail business, space rental and related services. Its registered address is at No. 96/27 Moo 9, Tambol Bangkhen, Amphur Muang, Nonthaburi.

As at 31 December 2017, the Company and its subsidiaries have a total of 102 branches (2016: 95 branches) (The Company only: 84 branches, 2016: 82 branches).

2. Basis of preparation

- 2.1 The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Profession Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 11 October 2016, issued under the Accounting Act B.E. 2543.

The financial statements in Thai language are the official statutory financial statements of the Company. The financial statements in English language have been translated from the Thai language financial statements.

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

2.2 Basis of consolidation

- a) The consolidated financial statements include the financial statements of Home Product Center Public Company Limited (“the Company”) and the following subsidiary companies (“the subsidiaries”):

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			2017	2016
			Percent	Percent
Market Village Company Limited	Management of leasing space together with provision of facilities services	Thailand	100.00	100.00
Home Product Center (Malaysia) Sdn. Bhd.	Retailing of home improvement products as One Stop Shopping	Malaysia	100.00	100.00
Mega Home Center Company Limited	Retailing and wholesaling of construction and home improvement products	Thailand	99.99	99.99
DC Service Center Company Limited	Warehousing and distribution service	Thailand	99.99	99.99

- b) The Company is deemed to have control over an investee or subsidiaries if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns.
- c) Subsidiaries are fully consolidated as from the date of acquisition, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
- d) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.
- e) The assets and liabilities in the financial statements of overseas subsidiary company is translated to Baht using the exchange rate prevailing on the end of reporting period, and revenues and expenses translated using monthly average exchange rates. The resulting differences are shown under the caption of "Exchange differences on translation of financial statements in foreign currency" in the statements of changes in shareholders' equity.
- f) Material balances and transactions between the Company and its subsidiary companies have been eliminated from the consolidated financial statements.
- g) Non-controlling interests represents the portion of profit or loss and net assets of the subsidiaries that is not held by the Company and are presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position.

2.3 The separate financial statements present investments in subsidiaries under the cost method.

3. New financial reporting standards

(a) Financial reporting standards that became effective in the current year

During the year, the Company and its subsidiaries have adopted the revised financial reporting standards and interpretations (revised 2016) and new accounting treatment guidance which are effective for fiscal years beginning on or after 1 January 2017. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards does not have any significant impact on the Company and its subsidiaries' financial statements.

(b) Financial reporting standards that will become effective in the future

During the current year, the Federation of Accounting Professions issued a number of the revised financial reporting standards and interpretations (revised 2017) which are effective for fiscal years beginning on or after 1 January 2018. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes and clarifications directed towards disclosures in the note to financial statements.

The management of the Company and its subsidiaries believe that the revised financial reporting standards will not have any significant impact on the financial statements when they are initially applied.

4. Significant accounting policies

4.1 Revenue recognition

Sale of goods

Sales of goods are recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Sales are the invoiced value, excluding value added tax, of goods supplied after deducting discounts and allowances.

Sales of goods - Customer loyalty programmes

The Company and its subsidiaries operate a loyalty programme which allows customers to accumulate points when they purchase products in the Company and its subsidiaries' retail stores. The points can then be redeemed for discount of goods purchase in the future. Certain sales consideration is allocated to the points issued, at their fair value. The fair value of the points issued is deferred and recognised as revenue when the points are redeemed and the Company and its subsidiaries fulfill their obligations.

Vendors income

The Company and its subsidiaries have agreements with vendors as normal business practice, for volume-related allowances, and sale promotion campaign and marketing allowances. Vendors income is recognised when all obligations are met and can be measured reliably based on the terms of the contract. Portion of vendors income is recognised as a reduction in cost of sales and inventory. Uncollected amount are presented in the statements of financial position as "Other receivables" or otherwise are offset with "Trade account payables" depending on the condition in the contracts.

Rental and service income

Rental and service income are recognised proportionately over the term of the lease and service agreements.

Rendering of other services

Other service revenue is recognised when services have been rendered.

Interest income

Interest income is recognised on an accrual basis based on the effective interest rate.

Dividends

Dividends are recognised when the right to receive the dividends is established.

4.2 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand and at banks, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.

4.3 Trade accounts receivable

Trade accounts receivable are stated at the net realisable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of receivables. The allowance is generally based on collection experiences and analysis of debt aging.

4.4 Inventories

Inventories are valued at the lower of cost (weighted average method) and net realisable value.

Volume incentives received from the supplier are accounted for as a reduction of the value of inventories and recognised in profit or loss when the related inventories are sold.

4.5 Investments

Investments in subsidiaries are accounted for in the separated financial statements using the cost method.

4.6 Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and allowance for loss on impairment (if any).

Depreciation of investment properties is calculated by reference to their costs on the straight-line basis over estimated economic useful lives of 3 - 37 years. No depreciation is provided on land and assets under installation and under construction. Depreciation of the investment properties is included in determining income.

On disposal of investment properties, the difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period when the asset is derecognised.

4.7 Property, plant and equipment/Depreciation

Land is stated at cost. Buildings and equipment are stated at cost less accumulated depreciation and allowance for loss on impairment of assets (if any).

Depreciation of buildings and equipment is calculated by reference to their costs, on the straight-line basis over the following estimated economic useful lives:

Buildings	-	20 - 30 years
Buildings on lease land and building improvement	-	useful lives but not over lease periods
Computer equipment	-	1 - 10 years
Furniture, fixtures and office equipment	-	3 - 10 years
Motor vehicles	-	5 years

Depreciation is included in determining income.

No depreciation is provided on land and assets under installation and under construction.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset is included in the profit or loss when the asset is derecognised.

4.8 Borrowing costs

Borrowing costs directly attributable to the acquisition or construction of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

4.9 Intangible assets

Intangible assets are initially recognised at cost. Following the initial recognition, the intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses (if any).

Intangible assets (computer software) with finite lives are amortised on a systematic basis over the economic useful life (10 years) and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method of such intangible assets are reviewed at least at each financial year end. The amortisation expense is charged to profit or loss.

4.10 Leasehold rights

Leasehold rights are stated at cost less accumulated amortisation and allowance for loss on impairment of assets (if any). The Company and its subsidiaries amortise leasehold rights on a straight-line basis over the leasehold period.

The amortisation expense is charged to profit or loss.

4.11 Related party transactions

Related parties comprise individuals or enterprises that control, or are controlled by, the Company, whether directly or indirectly, or which are under common control with the Company.

They also include associated companies and individuals or enterprises which directly or indirectly own a voting interest in the Company that gives them significant influence over the Company, key management personnel, directors, and officers with authority in the planning and direction of the Company's operations.

4.12 Long-term leases

Leases of property, plant or equipment which transfer substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are included in other long-term payables, while the interest element is charged to profit or loss over the lease period. The assets acquired under finance leases are depreciated over the useful life of the assets.

Leases of property, plant or equipment which do not transfer substantially all the risks and rewards of ownership are classified as operating leases. Operating lease payments are recognised as an expense in profit or loss on a straight line basis over the lease term.

4.13 Foreign currencies

The consolidated and separate financial statements are presented in Baht, which is also the Company's functional currency. Items of each entity included in the consolidated financial statements are measured using the functional currency of that entity.

Transactions in foreign currencies are translated into Baht at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rates ruling at the end of reporting period.

Gains and losses on exchange are included in determining income.

4.14 Impairment of assets

At the end of each reporting period, the Company and its subsidiaries perform impairment reviews in respect of the property, plant and equipment, investment properties, other intangible assets and leasehold rights whenever events or changes in circumstances indicate that an asset may be impaired. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount. In determining value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by a valuation model that, based on information available, reflects the amount that the Company and its subsidiaries could obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

An impairment loss is recognised in profit or loss.

In the assessment of asset impairment if there is any indication that previously recognised impairment losses may no longer exist or may have decreased, the Company and its subsidiaries estimate the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The increased carrying amount of the asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss.

4.15 Employee benefits

Short-term employee benefits

Salaries, wages, bonuses and contributions to the social security fund are recognised as expenses when incurred.

Employee Joint Investment Program (EJIP)

The Company has established an Employee Joint Investment Program (EJIP). The program is monthly contributed by eligible employees and by the Company to EJIP participant. The details of the program are as described in Note 23 to the financial statements. The Company's contributions are recognised as expenses when incurred.

Post-employment benefits

Defined contribution plans

The Company and its subsidiaries, and their employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Company and its subsidiaries. The fund's assets are held in a separate trust fund and the Company and its subsidiaries' contributions are recognised as expenses when incurred.

Defined benefit plans

The Company and its subsidiaries have obligations in respect of the severance payments it must make to employees upon retirement under labor law. The Company and its subsidiaries treat these severance payment obligations as a defined benefit plan.

The obligation under the defined benefit plan is determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method.

Actuarial gains and losses arising from defined benefit plans are recognised immediately in other comprehensive income.

4.16 Provisions

Provisions are recognised when the Company and its subsidiaries have a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

4.17 Income tax

Income tax expense represents the sum of corporate income tax currently payable and deferred tax.

Current tax

Current income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

Deferred tax

Deferred income tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting period.

The Company and its subsidiaries recognise deferred tax liabilities for all taxable temporary differences while they recognise deferred tax assets for all deductible temporary differences and tax losses carried forward to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward can be utilised.

At each reporting date, the Company and its subsidiaries review and reduce the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

The Company and its subsidiaries record deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

4.18 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Company and its subsidiaries apply a quoted market price in an active market to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards. Except in case of no active market of an identical asset or liability or when a quoted market price is not available, the Company and its subsidiaries measure fair value using valuation technique that are appropriate in the circumstances and maximises the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy into three levels based on categorise of input to be used in fair value measurement as follows:

- Level 1 - Use of quoted market prices in an active market for such assets or liabilities
- Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly
- Level 3 - Use of unobservable inputs such as estimates of future cash flows

At the end of each reporting period, the Company and its subsidiaries determine whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair

5. Significant accounting judgements and estimates

The preparation of financial statements in conformity with financial reporting standards at times requires management to make subjective judgements and estimates regarding matters that are inherently uncertain. These judgements and estimates affect reported amounts and disclosures; and actual results could differ from these estimates. Significant judgements and estimates are as follows:

Allowance for doubtful accounts

In determining an allowance for doubtful accounts, the management needs to make judgement and estimates based upon, among other things, past collection history, aging profile of outstanding debts and the prevailing economic condition.

Allowance for diminution in value of inventories

The determination of allowance for diminution in the value of inventories with regard to lost, damaged or obsolete inventories, requires management to make judgements and estimates. This requires detailed analysis of the product life cycle, useful life of each type of inventory, the competitive environment, economic circumstances and the situation within the industry.

Leases

In determining whether a lease is to be classified as an operating lease or finance lease, the management is required to use judgement regarding whether significant risk and rewards of ownership of the leased asset has been transferred, taking into consideration terms and conditions of the arrangement.

Investment properties and property, plant and equipment/Depreciation

In determining depreciation of investment properties, and building and equipment, the management is required to make estimates of the useful lives and salvage values of the Company and its subsidiaries' investment properties, and building and equipment and to review estimate useful lives and salvage values when there are any changes.

In addition, the management is required to review investment properties and property, plant and equipment for impairment on a periodical basis and record impairment losses in the period when it is determined that their recoverable amount is lower than the carrying cost. This requires judgements regarding forecast of future revenues and expenses relating to the assets subject to the review.

Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the temporary differences and losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimate future taxable profits.

Post-employment benefits under defined benefit plans

The obligation under the defined benefit plan is determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate.

6. Related party transactions

During the years, the Company and its subsidiaries had significant business transactions with related parties. Such transactions, which are summarised below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Company and its subsidiaries and those related parties.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements		Pricing policy
	2017	2016	2017	2016	
<u>Transactions with subsidiary companies</u>					
(eliminated from the consolidated financial statements)					
Sales income	-	-	79,817	37,786	Actual cost plus margin
Rental and service income	-	-	268,734	239,752	Baht 3 million and Baht 20 million per month (2016: Baht 2 million and Baht 18 million)
Management service income	-	-	118,336	110,561	Actual cost and contact price
Dividend received	-	-	-	89,996	As declared
Service income	-	-	62,109	51,504	Actual cost
Service expense	-	-	317,161	351,578	Actual cost and contact price
Other expenses	-	-	16,957	17,191	Actual cost
Interest income	-	-	152,059	147,263	4.50% - 4.75% per annum
Interest expenses	-	-	1,750	2,065	1.75 % per annum

(Unit: Thousand Baht)

	Consolidated		Separate		
	financial statements		financial statements		Pricing policy
	2017	2016	2017	2016	
<u>Transactions with related companies</u>					
Sales income	36,952	51,564	36,952	51,564	Market price
Rental and service income	17,744	18,005	17,744	18,005	Contact price
Interest income	24,366	16,854	24,366	16,854	0.25% - 0.80% per annum (2016: 0.75% - 1.00% per annum)
Rental and service expenses	23,796	21,188	23,796	21,188	Percentage of revenue but not less than a minimum rate

As at 31 December 2017 and 2016, the Company had the outstanding balances with related parties which had been included in the following accounts:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
<u>Deposits with financial institution</u>				
(included in cash and cash equivalents)				
Related company ⁽¹⁾	1,744,446	2,728,457	1,695,780	2,689,413
<u>Trade and other receivables</u>				
Subsidiaries	-	-	254,083	146,163
Related company ⁽¹⁾	609	2,479	609	2,479
Related company ⁽²⁾	3,918	5,951	3,875	5,576
Total	4,527	8,430	258,567	154,218
<u>Short-term loans to related parties</u>				
Subsidiaries	-	-	3,337,970	4,014,082
<u>Rental guarantee deposits</u>				
Related company ⁽¹⁾	3,000	3,000	3,000	3,000
<u>Trade and other payables</u>				
Subsidiaries	-	-	28,703	42,291
Related company ⁽¹⁾	1,743	1,689	1,743	1,689
Total	1,743	1,689	30,446	43,980
<u>Short-term loan from related party</u>				
Subsidiary	-	-	100,000	100,000

Relationship with the related companies

(1) has common major shareholders

(2) the major shareholders

Short-term loans to related parties

As at 31 December 2017, the Company has granted unsecured loans of Baht 3,338 million (2016: Baht 4,014 million) to its subsidiaries on which interest is payable on a monthly basis at a rate of 4.50% per annum (2016: 4.50% - 4.75% per annum). The loans are repayable at call. Movements in the balance of the loans during the year were as follow:

(Unit: Thousand Baht)

	Separate financial statements			
	Balance as at			Balance as at
	1 January	During the year		31 December
	2017	Increase	Decrease	2017
Short-term loans to related parties				
Mega Home Center Company Limited	3,837,000	685,000	(1,238,000)	3,284,000
Home Product Center (Malaysia) Sdn. Bhd.	177,082	53,970	(177,082)	53,970
Total	4,014,082	738,970	(1,415,082)	3,337,970

The decrease of short-term loans to Home Product Center (Malaysia) Sdn. Bhd. during the year was resulted from debt restructuring program as described in Note 11.

Short-term loan from related party

As at 31 December 2017 and 31 December 2016, the Company has received unsecured loan of Baht 100 million from its subsidiary on which interest is payable on a monthly basis at a rate of 1.75% per annum. The loan is repayable at call. Movement in the balance of the loan during the year was as follow:

(Unit: Thousand Baht)

	Separate financial statements			
	Balance as at			Balance as at
	1 January	During the year		31 December
	2017	Increase	Decrease	2017
Short-term loan from related party				
Market Village Company Limited	100,000	-	-	100,000

Directors and management's benefits

During the year ended 31 December 2017 and 2016, the Company and its subsidiaries had employee benefit expenses payable to their directors and management as below.

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Short-term benefits	196,927	147,905	178,412	132,625
Post-employment benefits	5,660	3,320	4,613	2,361
Total	202,587	151,225	183,025	134,986

7. Cash and cash equivalents

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Cash	241,676	223,125	183,718	176,400
Bank deposits	623,237	897,459	415,347	635,225
Fixed deposits	1,640,000	2,600,000	1,640,000	2,600,000
Total	2,504,913	3,720,584	2,239,065	3,411,625

As at 31 December 2017, bank deposits in saving accounts and fixed deposits carried interests between 0.25% - 1.00% per annum (2016: between 0.75% - 0.80% per annum).

8. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Trade accounts receivable	160,721	337,926	147,735	337,001
Other receivables	1,623,612	1,547,092	1,442,279	1,376,731
Income receivables	12,224	10,462	234,978	124,056
Total trade and other receivables	1,796,557	1,895,480	1,824,992	1,837,788

Trade accounts receivable

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Trade accounts receivable	42,293	137,032	38,475	141,903
Credit card and coupon receivable	121,487	203,642	112,319	197,846
Total	163,780	340,674	150,794	339,749
Less: Allowance for doubtful debts	(3,059)	(2,748)	(3,059)	(2,748)
Total trade accounts receivable - net	160,721	337,926	147,735	337,001

The outstanding balances of trade accounts receivable as at 31 December 2017 and 2016 are aged as follows:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
<u>Trade receivables</u>				
Not yet due	157,353	334,297	138,890	327,886
Past due				
Up to 3 months	5,707	5,205	11,271	10,802
3 - 6 months	59	103	7	-
6 - 12 months	26	24	-	17
Over 12 months	635	1,045	626	1,044
Total	163,780	340,674	150,794	339,749
Less: Allowance for doubtful debts	(3,059)	(2,748)	(3,059)	(2,748)
Total trade receivables - net	160,721	337,926	147,735	337,001

Other receivables

Other receivables mainly consist of receivables from sale support operation and area rental and related service receivables.

The outstanding balances of other receivables as at 31 December 2017 and 2016 are aged as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Age of receivables				
Not yet due	764,644	853,604	678,110	780,529
Past due				
Up to 3 months	815,056	655,704	745,995	588,489
3 - 6 months	22,908	19,717	15,538	7,567
6 - 12 months	12,855	16,437	6,184	6,517
Over 12 months	36,608	28,625	23,036	19,597
Total	1,652,071	1,574,087	1,468,863	1,402,699
Less: Allowance for doubtful debts	(28,459)	(26,995)	(26,584)	(25,968)
Total other receivables - net	1,623,612	1,547,092	1,442,279	1,376,731

9. Inventories

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Inventories	13,097,419	12,276,527	10,533,532	10,071,245
Less: Reduce cost to net				
realisable value	(482,288)	(410,656)	(453,172)	(390,623)
Net	12,615,131	11,865,871	10,080,360	9,680,622
Less: Inventories - repaid its cost				
when sold	(1,816,936)	(1,709,121)	(1,462,457)	(1,411,055)
Purchase discount	(455,205)	(485,205)	(390,605)	(422,605)
Inventories - net	10,342,990	9,671,545	8,227,298	7,846,962

During the current year, the Company and its subsidiaries reduced cost of inventories by Baht 158 million (2016: Baht 149 million) (The Company only: Baht 136 million, 2016: Baht 131 million), to reflect the net realisable value. This was included in selling expenses. In addition, the Company and its subsidiaries reversed the write-down of cost of inventories by Baht 86 million (2016: Baht 79 million) (The Company only: Baht 73 million, 2016: Baht 68 million), and reduced the amount of inventories recognised as expenses during the year.

10. Other current assets

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Prepaid expenses	138,380	128,632	102,855	107,902
Suspend input value added tax	36,586	36,483	34,276	32,158
Others	26,436	25,090	11,031	11,443
Total other current assets	201,402	190,205	148,162	151,503

11. Investments in subsidiaries

Details of investments in subsidiaries as presented in separate financial statements are as follows:

(Unit: Thousand Baht)

Company's name	Paid-up capital		Shareholding percentage		Cost		Dividend received during the year	
	2017	2016	2017	2016	2017	2016	2017	2016
			(Percent)	(Percent)				
Market Village Company Limited	5,000	5,000	100.00	100.00	5,000	5,000	-	89,996
Home Product Center (Malaysia) Sdn. Bhd.	437,177	251,179	100.00	100.00	437,177	251,179	-	-
Mega Home Center Company Limited	1,500,000	1,000,000	99.99	99.99	1,500,000	1,000,000	-	-
DC Service Center Company Limited	2,500	2,500	99.99	99.99	2,500	2,500	-	-
					1,944,677	1,258,679	-	89,996

During the year, the significant changes in investments in subsidiaries are as follows.

Home Product Center (Malaysia) Sdn. Bhd.

On 31 March 2017, Home Product Center (Malaysia) Sdn. Bhd., the Company's 100% owned subsidiary, passed a resolution to enter into debt restructuring program by converting its principal of short-term loans from the Company amounting Baht 177 million and related accrued interest at Baht 9 million, totaling Baht 186 million (MYR 24 million) in exchange with the subsidiary's ordinary shares at the same amount ("the transaction"). Upon the completion of the transaction, the registered capital of the subsidiary would be increased from Baht 251 million (MYR 25 million) to Baht 437 million (MYR 49 million). However, the Company's proportionate holding in the equity of the subsidiary did not change from the transaction. The subsidiary completed its regulatory process of the transaction on 5 May 2017.

Mega Home Center Company Limited

On 31 January 2017, Mega Home Center Company Limited, the Company's 99.99% owned subsidiary, passed a resolution to increase its registered capital, which raised from the previous registered capital of Baht 1,000 million to Baht 1,500 million, and to call-up the subscriptions from shareholders. The Company made payment for the subscription on the same date. As a result, the Company's proportionate holding in the equity of such subsidiary did not change.

12. Investment properties

The net book value of investment properties as at 31 December 2017 and 2016 is presented below.

(Unit: Thousand Baht)

	Consolidated financial statements			
	Land and land improvement	Buildings and equipment	Assets under installation and under construction	Total
31 December 2017				
Cost	150,000	4,057,121	1,721	4,208,842
Less: Accumulated depreciation	-	(1,394,361)	-	(1,394,361)
Net book value	<u>150,000</u>	<u>2,662,760</u>	<u>1,721</u>	<u>2,814,481</u>
31 December 2016				
Cost	150,000	3,912,650	96,428	4,159,078
Less: Accumulated depreciation	-	(1,112,127)	-	(1,112,127)
Net book value	<u>150,000</u>	<u>2,800,523</u>	<u>96,428</u>	<u>3,046,951</u>

(Unit: Thousand Baht)

	Separate financial statements			
	Land and land improvement	Buildings and equipment	Assets under installation and under construction	Total
31 December 2017				
Cost	1,326,862	4,057,121	1,721	5,385,704
Less: Accumulated depreciation	-	(1,394,361)	-	(1,394,361)
Net book value	<u>1,326,862</u>	<u>2,662,760</u>	<u>1,721</u>	<u>3,991,343</u>
31 December 2016				
Cost	992,980	3,912,650	96,428	5,002,058
Less: Accumulated depreciation	-	(1,112,127)	-	(1,112,127)
Net book value	<u>992,980</u>	<u>2,800,523</u>	<u>96,428</u>	<u>3,889,931</u>

A reconciliation of the net book value of investment properties for the years 2017 and 2016 is presented below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Net book value at beginning of year	3,046,951	3,218,238	3,889,931	4,024,163
Additions	52,587	150,221	52,587	150,222
Transfer from property, plant and equipment - at cost	-	-	333,882	37,054
Disposals and written-off				
- net book value	(425)	(106)	(425)	(106)
Depreciation charged	(284,632)	(321,402)	(284,632)	(321,402)
Net book value at end of year	<u>2,814,481</u>	<u>3,046,951</u>	<u>3,991,343</u>	<u>3,889,931</u>

The fair value of the investment properties as at 31 December 2017 and 2016 stated below:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Land and buildings	5,205	5,152	5,205	5,152
Land	-	-	1,177	843

As at 31 December 2017 and 2016, the fair values of investment properties have been determined using the following approach.

- Land have been determined based on acquisition cost. The management believes that there are no material differences between the book value and its fair value.
- Land and buildings which are acquired before the year 2017 have been determined by an accredited independent valuer in 2015 using the income approach. Key assumptions used in the valuation include yield rate, inflation rate, long-term vacancy rate and long-term growth in real rental rates.
- Buildings and equipment which are acquired in the current year have been determined based on acquisition cost. The management believes that there are no material differences between the book value and its fair value.

13. Property, plant and equipment

(Unit: Thousand Baht)

Consolidated financial statements							
	Land and land improvement	Buildings and building improvement	Computer equipment	Furniture, fixtures and office equipment	Motor vehicles	Assets under installation and under construction	Total
Cost:							
1 January 2016	8,125,262	20,758,222	505,050	6,265,886	76,487	2,513,557	38,244,464
Additions	46,913	772,725	96,513	694,937	12,000	2,812,757	4,435,845
Disposals and written-off	-	(8,214)	(8,405)	(65,876)	(16,184)	(406)	(99,085)
Transfers in (out)	25,790	3,834,604	835	453,656	385	(4,315,270)	-
Translation adjustment	-	(5,100)	(466)	(4,499)	-	(6,640)	(16,705)
31 December 2016	8,197,965	25,352,237	593,527	7,344,104	72,688	1,003,998	42,564,519
Additions	333,882	220,098	60,571	346,023	440	1,562,975	2,523,989
Disposals and written-off	-	(35,956)	(13,304)	(109,201)	(529)	(162)	(159,152)
Transfers in (out)	-	2,191,248	155	77,455	-	(2,268,858)	-
Translation adjustment	-	646	55	600	-	537	1,838
31 December 2017	8,531,847	27,728,273	641,004	7,658,981	72,599	298,490	44,931,194
Accumulated depreciation:							
1 January 2016	-	6,019,550	430,676	4,070,996	50,561	-	10,571,783
Depreciation for the year	-	1,416,879	63,694	967,830	11,321	-	2,459,724
Depreciation on disposals and written-off	-	(6,165)	(8,368)	(64,548)	(11,363)	-	(90,444)
Translation adjustment	-	(1,049)	(309)	(2,347)	-	-	(3,705)
31 December 2016	-	7,429,215	485,693	4,971,931	50,519	-	12,937,358
Depreciation for the year	-	1,623,411	65,594	944,658	8,251	-	2,641,914
Depreciation on disposals and written-off	-	(34,301)	(12,929)	(106,324)	(505)	-	(154,059)
Translation adjustment	-	108	32	240	-	-	380
31 December 2017	-	9,018,433	538,390	5,810,505	58,265	-	15,425,593
Allowance for impairment loss:							
1 January 2016	9,430	8,119	-	-	-	-	17,549
Increase during the year	32,000	54,062	-	-	-	-	86,062
Decrease during the year	-	(16,161)	-	-	-	-	(16,161)
31 December 2016	41,430	46,020	-	-	-	-	87,450
Decrease during the year	-	(4,320)	-	-	-	-	(4,320)
31 December 2017	41,430	41,700	-	-	-	-	83,130
Net book value:							
31 December 2016	8,156,535	17,877,002	107,834	2,372,173	22,169	1,003,998	29,539,711
31 December 2017	8,490,417	18,668,140	102,614	1,848,476	14,334	298,490	29,422,471
Depreciation for the year							
2016 (Baht 2,384 million included in selling expenses, and the balance in administrative expenses)							2,459,724
2017 (Baht 2,855 million included in selling expenses, and the balance in administrative expenses)							2,641,914

(Unit: Thousand Baht)

Separate financial statements

	Land and land improvement	Buildings and building improvement	Computer equipment	Furniture, fixtures and office equipment	Motor vehicles	Assets under installation and under construction	Total
Cost:							
1 January 2016	7,188,474	18,161,202	476,148	5,575,582	75,709	2,161,123	33,638,238
Additions	46,912	569,905	80,118	453,259	12,000	1,685,069	2,847,263
Disposals and written-off	-	(8,214)	(8,322)	(64,421)	(16,184)	(405)	(97,546)
Transfer to investment properties	(37,054)	-	-	-	-	-	(37,054)
Transfers in (out)	7,152	2,530,354	81	387,503	385	(2,925,475)	-
31 December 2016	7,205,484	21,253,247	548,025	6,351,923	71,910	920,312	36,350,901
Additions	333,882	162,693	47,054	212,964	440	1,014,528	1,771,561
Disposals and written-off	-	(35,956)	(12,855)	(107,687)	(529)	(162)	(157,189)
Transfer to investment properties	(333,882)	-	-	-	-	-	(333,882)
Transfers in (out)	-	1,706,610	-	16,255	-	(1,722,865)	-
31 December 2017	7,205,484	23,086,594	582,224	6,473,455	71,821	211,813	37,631,391
Accumulated depreciation:							
1 January 2016	-	5,774,171	415,518	3,831,770	50,050	-	10,071,509
Depreciation for the year	-	1,223,270	52,314	793,040	11,165	-	2,079,789
Depreciation on disposals and written-off	-	(6,166)	(8,321)	(63,252)	(11,363)	-	(89,102)
31 December 2016	-	6,991,275	459,511	4,561,558	49,852	-	12,062,196
Depreciation for the year	-	1,365,126	53,297	729,454	8,140	-	2,156,017
Depreciation on disposals and written-off	-	(34,301)	(12,802)	(105,162)	(505)	-	(152,770)
31 December 2017	-	8,322,100	500,006	5,185,850	57,487	-	14,065,443
Allowance for impairment loss:							
1 January 2016	9,430	8,119	-	-	-	-	17,549
Increase during the year	32,000	54,062	-	-	-	-	86,062
Decrease during the year	-	(16,161)	-	-	-	-	(16,161)
31 December 2016	41,430	46,020	-	-	-	-	87,450
Decrease during the year	-	(4,320)	-	-	-	-	(4,320)
31 December 2017	41,430	41,700	-	-	-	-	83,130
Net book value:							
31 December 2016	7,164,054	14,215,952	88,514	1,790,365	22,058	920,312	24,201,255
31 December 2017	7,164,054	14,722,794	82,218	1,287,605	14,334	211,813	23,482,818
Depreciation for the year							
2016 (Baht 2,011 million included in selling expenses, and the balance in administrative expenses)							2,079,789
2017 (Baht 2,375 million included in selling expenses, and the balance in administrative expenses)							2,156,017

As at 31 December 2017, the Company and its subsidiaries had vehicles and equipment under finance lease agreements with net book values amounting to Baht 10 million (2016: Baht 20 million) (The Company only: Baht 8 million, 2016: Baht 10 million).

As at 31 December 2017, certain plant and equipment items have been fully depreciated but are still in use. The gross carrying amount (before deducting accumulated depreciation) of those assets amounted to approximately Baht 4,220 million (2016: Baht 3,517 million) (The Company only: Baht 4,167 million, 2016: Baht 3,478 million).

Part of the land of the company were expropriated by the Royal Decree for expropriation of land in order to construct motorways which will pass through our 3 land plots. Currently the number of land plot and boundary line is still uncertain, it is on the process of setting the boundary line for the land to be expropriated between the Department of Highways and the Department of Lands. The company reserved allowance for impairment loss on land and building Baht 32 million and Baht 20 million, respectively.

14. Computer software

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Cost		
1 January 2016	537,372	486,248
Acquisitions during the year	116,239	116,038
Translation adjustment	(42)	-
31 December 2016	653,569	602,286
Acquisitions during the year	108,642	108,248
Translation adjustment	5	-
31 December 2017	762,216	710,534
Accumulated amortisation		
1 January 2016	185,239	173,296
Amortisation for the year	42,308	37,139
Translation adjustment	(14)	-
31 December 2016	227,533	210,435
Amortisation for the year	43,391	38,146
Translation adjustment	3	-
31 December 2017	270,927	248,581
Net book value		
31 December 2016	426,036	391,851
31 December 2017	491,291	461,953

15. Leasehold rights

(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements
Cost		
1 January 2016	2,618,135	2,389,539
Acquisitions during the year	441,033	365,280
31 December 2016	3,059,168	2,754,819
Acquisitions during the year	198,069	147,828
Written-off	(501)	(501)
31 December 2017	3,256,736	2,902,146
Accumulated amortisation		
1 January 2016	460,230	456,226
Amortisation for the year	81,516	76,483
31 December 2016	541,746	532,709
Amortisation for the year	95,903	86,283
Amortisation on written-off	(501)	(501)
31 December 2017	637,148	618,491
Net book value		
31 December 2016	2,517,422	2,222,110
31 December 2017	2,619,588	2,283,655

16. Short-term loans from financial institutions

(Unit: Thousand Baht)

	Interest rate (% per annum)		Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016	2017	2016
Bill of exchange - Baht	1.70	1.65	145,000	1,500,000	-	1,500,000
Bill of exchange - Foreign currency	3.66 - 4.81	3.65	196,138	7,405	-	-
Total short-term loans from financial institutions			341,138	1,507,405	-	1,500,000

As at 31 December 2017, the Company and its subsidiaries had overdraft lines from banks totaling Baht 305 million (2016: Baht 305 million) (Company only Baht 275 million 2016: Baht 275 million) and other credit Facilities totaling Baht 14,470 million and MYR 38 million (2016: Baht 12,927 million and MYR 61 million) (Company only: Baht 14,220 million 2016: Baht 12,927 million).

17. Trade and other payables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Trade accounts payable	11,900,886	11,894,819	10,032,704	10,038,528
Other payables	644,417	551,006	562,717	469,616
Other payables for purchase of assets	140,376	329,947	79,433	233,350
Accrued expenses	1,399,254	1,255,805	1,220,634	1,125,174
Total trade and other payables	14,084,933	14,031,577	11,895,488	11,866,668

18. Liabilities under financial lease agreements

(Unit: Thousand Baht)

	Consolidated financial statements			
	Portion due within one year		Portion due over one year	
	2017	2016	2017	2016
Liabilities under financial lease agreements	5,276	8,051	6,500	11,775
Less: Deferred interest expense	(512)	(858)	(775)	(1,286)
Net	4,764	7,193	5,725	10,489

(Unit: Thousand Baht)

	Separate financial statements			
	Portion due within one year		Portion due over one year	
	2017	2016	2017	2016
Liabilities under financial lease agreements	2,551	2,471	6,500	9,051
Less: Deferred interest expense	(457)	(563)	(775)	(1,232)
Net	2,094	1,908	5,725	7,819

The Company and its subsidiaries have entered into the finance lease agreements with leasing companies for rental of motor vehicles and equipment for use in their operation, whereby it is committed to pay rental on a monthly basis. The terms of the agreements are generally between 3 to 5 years.

Future minimum lease payments required under the finance lease agreements were as follows:

(Unit: Thousand Baht)

Consolidated financial statements			
31 December 2017			
	Less than 1 year	1 - 5 years	Total
Future minimum lease payments	5,276	6,500	11,776
Deferred interest expenses	(512)	(775)	(1,287)
Present value of future minimum lease payments	<u>4,764</u>	<u>5,725</u>	<u>10,489</u>

(Unit: Thousand Baht)

Consolidated financial statements			
31 December 2016			
	Less than 1 year	1 - 5 years	Total
Future minimum lease payments	8,051	11,775	19,826
Deferred interest expenses	(858)	(1,286)	(2,144)
Present value of future minimum lease payments	<u>7,193</u>	<u>10,489</u>	<u>17,682</u>

(Unit: Thousand Baht)

Separate financial statements			
31 December 2017			
	Less than 1 year	1 - 5 years	Total
Future minimum lease payments	2,551	6,500	9,051
Deferred interest expenses	(457)	(775)	(1,232)
Present value of future minimum lease payments	<u>2,094</u>	<u>5,725</u>	<u>7,819</u>

(Unit: Thousand Baht)

Separate financial statements			
31 December 2016			
	Less than 1 year	1 - 5 years	Total
Future minimum lease payments	2,471	9,051	11,522
Deferred interest expenses	(563)	(1,232)	(1,795)
Present value of future minimum lease payments	<u>1,908</u>	<u>7,819</u>	<u>9,727</u>

19. Long-term loans

(Unit: Thousand Baht)

	Interest rate (% per annum)		Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016	2017	2016
Long-term loans - Baht	3.59 and 3.71	3.59 - 3.71	400,000	1,100,000	400,000	1,100,000
Long-term loans - MYR	COF + 1.10*	-	111,168	-	-	-
Total long-term loans			511,168	1,100,000	400,000	1,100,000
Less: Current portion of long-term loans			(300,000)	(700,000)	(300,000)	(700,000)
Long-term loans - net of current portion			211,168	400,000	100,000	400,000

* The Bank's cost of fund ("COF") plus 1.10% per annum.

- a) Long-term loans in Baht are unsecured long-term credit facilities from a financial institution, comprising three loans agreements. Payment of interest is scheduled on a quarterly basis and payment of principal is scheduled in installments, every 6 months. Full repayment is to be made within 10 installments or within 60 months after first principal draw down. The loan agreements contain covenants as specified in the agreements that, among other things, require the Company to maintain certain debt to equity ratio according to the agreements.
- b) Long-term loans in MYR are loan facilities from an overseas financial institution of Home Product Center (Malaysia) Sdn. Bhd., the Company's 100% owned subsidiary. Payment of interest and principal is scheduled on a monthly basis. Full repayment is to be made within 7 years after first principal drawdown. The first installment of the principal is to commence on the 25th month from the first principal drawdown. The loans are secured by a 100% corporate guarantee provided by the Company, together with the requirement to maintain the Company's shareholding directly or indirectly, of the subsidiary at not less than 51%. The loan agreements contain covenants as specified in the agreements that, among other things, require the subsidiary to maintain certain debt to equity ratio according to the agreements.

20. Provision for long-term employee benefits

Provision for long-term employee benefits, which represents compensation payable to employees after they retire, was as follows:

	Consolidated financial statements		(Unit: Thousand Baht) Separate financial statements	
	2017	2016	2017	2016
Provision for long-term employee benefits at beginning of year	185,754	165,053	165,307	148,473
Included in profit or loss:				
Current service cost	40,177	18,336	35,046	15,212
Interest cost	7,366	4,798	6,704	4,055
Included in other comprehensive income:				
Demographic assumptions changes	2,115	-	1,939	-
Financial assumptions changes	24,034	-	23,722	-
Experience adjustments	33,571	-	32,403	-
Actuarial loss	59,720	-	58,064	-
Benefits paid during the year	(30,781)	(2,433)	(30,715)	(2,433)
Provision for long-term employee benefits at end of year	262,236	185,754	234,406	165,307

Line items in profit or loss under which long-term employee benefit expenses are recognized are as follows:

	Consolidated financial statements		(Unit: Thousand Baht) Separate financial statements	
	2017	2016	2017	2016
Selling and administrative expenses	47,543	23,134	41,750	19,267

As at 31 December 2017, the Company and its subsidiaries expect to pay Baht 27 million of long-term employee benefits during the next year (2016: Baht 8 million) (The company only: Baht 24 million, 2016: Baht 8 million).

As at 31 December 2017, the weighted average duration of the liabilities for long-term employee benefit is 11 years (2016: 12 years) (The Company only: 11 years 2016: 12 years).

Significant actuarial assumptions are summarised below:

	Consolidated financial statements		(Unit: percent per annum) Separate financial statements	
	2017	2016	2017	2016
Discount rate	3.0%	3.1%	3.0%	3.1%
Salary increase rate	6.0% - 6.5%	6.0% - 6.5%	6.0% - 6.5%	6.0% - 6.5%
Turnover rate (depending on age)	0 - 40%	0 - 50%	0 - 35%	0 - 50%

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2017 and 2016 are summarised below:

(Unit: million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
Discount rate	Increase 0.5%	Decrease 0.5%	Increase 0.5%	Decrease 0.5%
31 December 2017	(11)	12	(10)	11
31 December 2016	(7)	7	(6)	6

(Unit: million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
Salary increase rate	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
31 December 2017	17	(30)	16	(27)
31 December 2016	17	(15)	16	(14)

(Unit: million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
Turnover rate (depending on age)	Increase 10%	Decrease 10%	Increase 10%	Decrease 10%
31 December 2017	(18)	22	(16)	19
31 December 2016	(15)	19	(14)	17

21. Debentures

					Consolidated and separate financial statements			
					Number of debenture (Shares)		Amount (Thousand Baht)	
					2017	2016	2017	2016
No.	Interest rate per annum	Age	Repayment	Maturity				
<u>Unsubordinated and unsecured debentures</u>								
No. 1/2014	Fixed rate 3.63%	3 years	At maturity	7 March 2017	-	1,000,000	-	1,000,000
No. 2/2014	Fixed rate 3.53%	3 years	At maturity	25 July 2017	-	530,000	-	530,000
No. 3/2014	Fixed rate 3.53%	3 years	At maturity	8 August 2017	-	520,000	-	520,000
No. 4/2014	Fixed rate 3.54%	3 years	At maturity	1 September 2017	-	2,000,000	-	2,000,000
No. 5/2014	Fixed rate 3.47%	5 years	At maturity	26 December 2019	1,000,000	1,000,000	1,000,000	1,000,000
No. 1/2015	Fixed rate 3.05%	3 years	At maturity	24 February 2018	1,000,000	1,000,000	1,000,000	1,000,000
No. 2/2015	Fixed rate 2.25%	3 years	At maturity	15 September 2018	2,500,000	2,500,000	2,500,000	2,500,000
No. 1/2016	Fixed rate 2.10%	3 years	At maturity	5 August 2019	2,700,000	2,700,000	2,700,000	2,700,000
No. 2/2016	Fixed rate 2.25%	3 years	At maturity	14 October 2019	3,000,000	3,000,000	3,000,000	3,000,000
No. 1/2017	Fixed rate 2.48%	3 years	At maturity	27 April 2020	4,000,000	-	4,000,000	-
Total					14,200,000	14,250,000	14,200,000	14,250,000
Less: Current portion of debentures							(3,500,000)	(4,050,000)
Net							10,700,000	10,200,000

Such debentures contain certain covenants and restrictions, among others, the maintenance of debt to equity ratio, restriction on dividend payment and disposal and transfer of assets.

22. Share capital

On 7 April 2016, the Annual General Meeting of the Company's shareholders passed the resolution to decrease the registered capital of the Company from Baht 13,151,315,446 to Baht 13,151,198,025 by cancelling the registered ordinary shares remaining after the stock dividend allocation of 117,421 ordinary shares with a par value of Baht 1 each, previously made in accordance with the resolution of the Annual General Meeting for the year 2015.

23. The Employee Joint Investment Program (EJIP)

The significant details of the Employee Joint Investment Program (EJIP) are as follow:

The Company eligible under EJIP	Home Product Center Public Company Limited
The Period of EJIP	1 July 2013 to 30 June 2018, with a total duration of 5 years.
Eligible employees under EJIP	Employees at Division Manager or equivalent level on the voluntary basis. Directors and advisors of the Company are exclude from this program.
EJIP arrangement	The Company will make deduction from the payroll of eligible employees who voluntarily join the EJIP, at the rate 5% of the salary of each month. The Company will contribute 100% of the amount contributed by EJIP participants on a monthly basis.
EJIP buying schedule	Monthly basis.
Conditions for holding the securities	During the 1st year - 3rd year, employee cannot sell any shares After the 3rd year, employee can sell 75% of shares accumulated* After the 4th year, employee can sell 75% of shares accumulated* After the 5th year, employee can sell all shares
EJIP program manager	Phillip Securities Public Company Limited

* Previous conditions: After the 3rd year, employee can sell 25% of shares accumulated and after the 4th year, employee can sell 50% of shares accumulated. The new conditions have been effective starting from 15 June 2017 onwards.

On 11 June 2013, the Company received the approval of Employee Joint Investment Program (EJIP) from Securities and Exchange Commission (SEC).

During the year 2017, the Company contributed Baht 28 million to the program (2016: Baht 27 million).

24. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside to a statutory reserve at least 5% of its net profit after deducting accumulated deficit brought forward (if any), until the reserve reaches 10% of the registered capital. The statutory reserve is not available for dividend distribution.

During the year 2017, the Company has set aside statutory reserve at Baht 55 million (2016: Baht 207 million). At present, the statutory reserve has fully been set aside.

25. Expenses by nature

Significant expenses classified by nature are as follows:

	Consolidated		(Unit: Million Baht)	
	financial statements		Separate	
	2017	2016	2017	2016
Salaries and wages and other employee benefits	4,526	4,237	3,956	3,751
Premises expenses	1,801	1,730	1,603	1,569
Depreciation and amortisation	3,066	2,905	2,565	2,515
Sales promotion and operation support expenses	3,607	3,399	3,278	3,123
Financial costs	448	504	435	503
Tax expenses and fees	1,230	1,099	1,210	1,083
Changes in finished goods	749	1,666	400	983

26. Income tax

Income tax expenses for the years ended 31 December 2017 and 2016 are made up as follows:

	Consolidated		(Unit: Thousand Baht)	
	financial statements		Separate	
	2017	2016	2017	2016
Current income tax:				
Current income tax charge	1,110,131	1,012,832	1,106,348	999,500
Adjustment in respect of income tax of previous year	(11,046)	504	(10,895)	(215)
Adjustment in loss on income tax of previous year	(2,333)	-	-	-
Deferred tax:				
Relating to origination and reversal of temporary differences	3,618	(43,677)	6,080	(35,204)
Income tax expenses reported in the statement of comprehensive income	1,100,370	969,724	1,101,533	964,081

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2017 and 2016 are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Deferred tax on actuarial loss	(11,944)	-	(11,613)	-

The reconciliation between accounting profit and income tax expense is shown below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Accounting profit before tax	5,986,758	5,094,919	5,899,818	5,110,127
Applicable tax rate	20%	20%	20%	20%
Accounting profit before tax multiplied by income tax rate	1,197,352	1,018,984	1,179,964	1,022,025
Adjustment in respect of income tax of previous year	(11,046)	569	(10,895)	(215)
Adjustment in loss on income tax of previous year	(2,333)	-	-	-
Unused tax loss which has not recognised as deterred tax assets	15,886	11,848	-	-
Effects of:				
Change in value of investment accounted for the equity method	538	160	-	-
Income not subject to tax	-	-	-	(17,999)
Non-deductible expenses	29,926	35,662	25,974	29,106
Additional expense deductions allowed	(130,011)	(97,989)	(93,568)	(69,398)
Others	58	490	58	562
Total	(99,489)	(61,677)	(67,536)	(57,729)
Income tax expenses reported in the statement of comprehensive income	1,100,370	969,724	1,101,533	964,081

The components of deferred tax assets are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Deferred tax assets				
Allowance for doubtful accounts	6,241	5,949	5,929	5,743
Allowance for diminution in value of inventories	91,041	97,041	78,121	84,521
Allowance for asset impairment	16,626	17,490	16,626	17,490
Provision for long-term employee benefits	37,294	33,435	33,525	30,811
Deferred purchase discount	7,739	7,228	7,674	7,202
Actuarial loss	15,154	3,645	13,356	2,180
Unused tax loss	11,221	8,124	-	-
Provision	4,400	6,080	4,400	6,080
Others	6	71	-	71
Deferred tax assets - net	189,722	179,063	159,631	154,098

As at 31 December 2017, the Company and its subsidiaries have deductible temporary differences and unused tax losses totaling Baht 503 million (2016: Baht 418 million) (The Company only: Baht 453 million, 2016: Baht 391 million). No deferred tax assets have been recognised on these amounts as the Company and its subsidiaries believe that the temporary differences and unused tax losses may not be utilised.

27. Earnings per share

Basic earnings per share is calculated by dividing profit for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year.

	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Profit for the year (Thousand Baht)	4,886,387	4,125,196	4,798,285	4,146,046
Weighted average number of ordinary shares (Thousand shares)	13,151,198	13,151,198	13,151,198	13,151,198
Earnings per share (Baht/share)	0.37	0.31	0.36	0.32

28. Segment information

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance. The chief operating decision maker has been identified as the Company's Board of Directors.

The Company and its subsidiaries are principally engaged in the trading of a complete range of goods and materials for construction, addition, refurbishment, renovation, and improvement of buildings, houses, and residences, and the provision of services relevant to retail and wholesale business, space rental and services (as having revenue and/or operating profit and/or assets less than 10% of total revenue and/or total operating profit and/or total assets of all segments, which do not meet the quantitative thresholds as set out in the financial reporting standard).

Segment performance is measured based on operating profit or loss, on a basis consistent with that used to measure operating profit or loss in the financial statements. As a result, all of the revenues, operating profits and assets as reflected in these financial statements pertain exclusively to the aforementioned reportable operating segment.

Geographic information

Sales income from external customers is based on locations of the Company and its subsidiaries which are summarised as follow.

(Unit: Million Baht)

	2017	2016
Sales income from external customers		
Thailand	58,964	56,381
Malaysia	924	547
Total	59,888	56,928
Non-current assets (other than deferred tax assets)		
Thailand	35,127	35,459
Malaysia	391	207
Total	35,518	35,666

Major customers

For the years 2017 and 2016, the Company and its subsidiaries have no major customer with revenue of 10% or more of an entity's revenues.

29. Provident fund

The Company and its subsidiaries and their employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both the Company and its subsidiaries and their employees contributed to the fund monthly at the rate of 3% - 5% of basic salary. The fund, which is managed by Land and Houses Fund Management Co., Ltd. will be paid to employees upon termination in accordance with the fund rules.

During the year 2017, the Company and its subsidiaries contributed Baht 82 million (2016: Baht 74 million) to the fund (The Company only: Baht 72 million, 2016: Baht 65 million).

30. Dividend paid

Dividends	Approved by	Total dividends (Million Baht)	Dividend per share (Baht)
Final dividends for 2015	Annual General Meeting of the shareholders on 7 April 2016	1,973	0.15
Interim dividends for 2016	Board of Director Meeting of the Company on 30 August 2016	1,578	0.12
Total		3,551	
Final dividends for 2016	Annual General Meeting of the shareholders on 7 April 2017	1,973	0.15
Interim dividends for 2017	Board of Director Meeting of the Company on 30 August 2017	1,709	0.13
Total		3,682	

31. Commitments and contingent liabilities

31.1 Capital commitment

The Company and its subsidiaries had capital commitments with several companies relating to the construction of retail stores. The obligations of construction are subject to the retail stores expansion and construction plan of each period determined by the management.

31.2 Operating lease commitments - as a lessee

- a) The Company and its subsidiaries have entered into land lease agreements. The terms of the agreements are generally between 3 to 30 years and they are non-cancelable, except with the consent of the counterparties.

Future minimum lease payments required under these operating leases contracts were as follows:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Payable:				
In up to 1 year	123	113	112	104
In over 1 and up to 5 years	538	506	480	467
In over 5 years	3,355	3,057	2,743	2,714

- b) The Company and its subsidiaries have entered into lease agreements to lease commercial space. The terms of the agreements are generally between 3 to 30 years and they are non-cancelable, except with the consent of the counterparties.

Future minimum lease payments required under these operating leases contracts were as follows:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Payable:				
In up to 1 year	154	118	107	100
In over 1 and up to 5 years	479	502	402	401
In over 5 years	768	813	768	813

31.3 Long-term service commitments and rental commitments

- a) The Company has entered into the inventory management services agreement with a subsidiary. Under the conditions of the agreement, the Company is to pay the monthly service fee at a percentage of the subsidiary's actual cost, as stipulated in the agreement.

- b) The Company has entered into agreements to provide administrative services to two subsidiaries and inventory management services to one subsidiary. Under the conditions of the agreements, the Company receives monthly services fee at a percentage of sales, rental and service income, and a percentage of the actual cost, as stipulated in the agreements.
- c) The Company has entered into land lease agreements and an agreement to lease commercial space including related services with two subsidiaries. The terms of the agreements are 3 and 30 years. Under the conditions of the agreements, the Company receives monthly rental and service fees at rates stipulated in the agreements. The agreements are non-cancelable, except with the consent of the counterparties.

31.4 Long-term lease agreements - as a lessor

As at 31 December 2017, the Company has entered into 8 agreements (2016: 8 agreements) with 4 companies (2016: 4 companies) to lease and sub-lease parts of premises in 9 branches (2016: 8 branches) for periods of 18 - 30 years, with a total of rental received in advance amounting to Baht 649 million (2016: Baht 647 million). The terms of the agreements are until 2033 - 2039. The Company recognises this income systematically on a straight-line basis over the lease period which is the useful lives of the leaseholds.

As at 31 December 2017, the outstanding balance of rental received in advance, net of recognised rental income was Baht 382 million (2016: Baht 406 million).

31.5 Guarantees

- a) As at 31 December 2017, there were outstanding bank guarantees of Baht 145 million issued by banks on benefit of the Company and its subsidiary in respect of guarantees provided for leasing, purchases of goods or hire of work, as bonds with State Enterprise (2016: Baht 189 million) (The Company only: Baht 132 million 2016: Baht 177 million). Bank guarantee of Baht 13 million (2016: Baht 12 million) issued in the name of subsidiary was guaranteed by the Company.
- b) As at 31 December 2017, the Company had commitments under letters of credit opened with commercial bank, amounting to USD 2 million and CNY 2 million (2016: USD 2 million and CNY 2 million).
- c) As at 31 December 2017, the Company secured credit facilities of its subsidiaries of Baht 280 million and MYR 76 million (2016: Baht 280 million and MYR 62 million) to financial institutions.

31.6 Litigation

- a) In February 2011, the Company had lawsuit relating to the sale and purchase agreement which the Company had stopped payment to the vendor in the amount of Baht 14 million due to defective products. However, the Company had set aside a liability (account payable) totaling Baht 14 million in the financial statements. In January 2017, the Court finally ordered the Company to make payment to the vendor in the amount of Baht 14 million plus interest at the rate of 7.5% per annum, due to the fact that the vendors has deducted product price for the Company which deemed as an adequate remedy to the damage. The Company has already made such payment plus interest to the vendor.
- b) As at 31 December 2017, the Company has other cases for a total claimed amount of Baht 4 million (2016: Baht 2 million) which are currently being considered by the Court. The legal department of the Company believes that the outcome of these cases will not have significant effect to the Company. As such, the Company has not set aside any amount of provision in the financial statements.
- c) In April 2015, the local officials who are responsible for one of the branches of the Company were sued in Administrative Court by local entrepreneurs regarding issuance of license to local businesses. In such case, the Company has filed an interpleader action and became a party in the lawsuit in order to preserve the Company's right. The Company submitted statement to the court that the use of the land by the Company was neither against nor violated the ministerial regulations governing central city planning, building control law, city planning law, and other related laws. However, the legal department of the Company viewed that the Company has proceeded according to the law and believes that the outcome of the case would be in the favour of the Company. The case is currently under the consideration of the Administrative Court.

32. Fair value hierarchy

As at 31 December 2017 and 2016, the Company and its subsidiaries had the assets and liabilities that were disclosed at fair value using different levels of inputs as follows:

(Unit: Million Baht)				
Consolidated Financial Statements				
As at 31 December 2017				
	Level 1	Level 2	Level 3	Total
Asset for which fair value are disclosed				
Investment properties	-	-	5,205	5,205
Liability for which fair value are disclosed				
Debentures	-	14.446	-	14.446

(Unit: Million Baht)

Consolidated Financial Statements				
As at 31 December 2016				
	Level 1	Level 2	Level 3	Total
Asset for which fair value are disclosed				
Investment properties	-	-	5,152	5,152
Liability for which fair value are disclosed				
Debentures	-	14,325	-	14,325

(Unit: Million Baht)

Separate Financial Statements				
As at 31 December 2017				
	Level 1	Level 2	Level 3	Total
Asset for which fair value are disclosed				
Investment properties	-	-	6,382	6,382
Liability for which fair value are disclosed				
Debentures	-	14,446	-	14,446

(Unit: Million Baht)

Separate Financial Statements				
As at 31 December 2016				
	Level 1	Level 2	Level 3	Total
Asset for which fair value are disclosed				
Investment properties	-	-	995	995
Liability for which fair value are disclosed				
Debentures	-	1,325	-	1,325

33. Financial instruments

33.1 Financial risk management

The Company's and its subsidiaries' financial instruments, as defined under Thai Accounting Standard No. 107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, trade and other receivables, short-term borrowing, trade and other payables, short-term loans, long-term loans, and debentures. The financial risks associated with these financial instruments and how they are managed is described below.

Credit risk

The Company and its subsidiaries are exposed to credit risk primarily with respect to trade and other receivables and loans. The Company and its subsidiaries manage

the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. In addition, the Company and its subsidiaries do not have high concentrations of credit risk since it has a large customer base. The maximum exposure to credit risk is limited to the carrying amounts of trade and other receivables and loans, as stated in the statements of financial position.

Interest rate risk

The Company's and its subsidiaries' exposure to interest rate risk relate primarily to its deposits with financial institutions, loans and debentures. However, since the Company's and its subsidiaries' financial assets bear floating interest rates or bear fixed interest rates which are close to the market rate, and financial liabilities bear fixed interest rates which are close to the market rate, the interest rate risk is expected to be minimal.

Significant financial assets and liabilities classified by type of interest rate, are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

Consolidated financial statements						
As at 31 December 2017						
	Fixed interest rates		Floating interest rate	Non-interest bearing	Total	Interest rate (% p.a.)
	Within 1 year	Over 1 - 5 years				
			(Million Baht)			
Financial assets						
Cash and cash equivalents	1,640	-	315	550	2,505	0.25 - 1.00
Trade and other receivables	-	-	-	1,797	1,797	-
	<u>1,640</u>	<u>-</u>	<u>315</u>	<u>2,347</u>	<u>4,302</u>	
Financial liabilities						
Short-term loans from						
financial institutions	341	-	-	-	341	1.70 - 4.81
Trade and other payables	-	-	-	14,085	14,085	-
Liabilities under finance						
lease agreements	5	6	-	-	11	5.25 - 7.21
Long-term loans	300	100	111	-	511	3.59, 3.71 and COF +1.10
Debentures	3,500	10,700	-	-	14,200	2.10 - 3.47
	<u>4,146</u>	<u>10,806</u>	<u>111</u>	<u>14,085</u>	<u>29,148</u>	

Consolidated financial statements

As at 31 December 2016

	Fixed interest rates		Floating interest rate (Million Baht)	Non-interest bearing	Total	Interest rate (% p.a.)
	Within 1 year	Over 1 - 5 years				
Financial assets						
Cash and cash equivalents	2,600	-	544	576	3,720	0.37 - 0.80
Trade and other receivables	-	-	-	1,895	1,895	-
	<u>2,600</u>	<u>-</u>	<u>544</u>	<u>2,471</u>	<u>5,615</u>	
Financial liabilities						
Short-term loans from financial institutions	1,507	-	-	-	1,507	1.65 - 3.65
Trade and other payables	-	-	-	14,032	14,032	-
Liabilities under finance lease agreements	7	10	-	-	17	5.25 - 7.21
Long-term loans	700	400	-	-	1,100	3.59 - 3.71
Debentures	4,050	10,200	-	-	14,250	2.10 - 3.63
	<u>6,264</u>	<u>10,610</u>	<u>-</u>	<u>14,032</u>	<u>30,906</u>	

Separate financial statements

As at 31 December 2017

	Fixed interest rates		Floating interest rate (Million Baht)	Non- interest bearing	Total	Interest rate (% p.a.)
	Within 1 year	Over 1 - 5 years				
Financial assets						
Cash and cash equivalents	1,640	-	157	442	2,239	0.25 - 1.00
Trade and other receivables	-	-	-	1,825	1,825	-
Short-term loans to related parties	3,338	-	-	-	3,338	4.50
	<u>4,978</u>	<u>-</u>	<u>157</u>	<u>2,267</u>	<u>7,402</u>	
Financial liabilities						
Trade and other payables	-	-	-	11,895	11,895	-
Short-term loan from related party	100	-	-	-	100	1.75
Liabilities under finance lease agreements	2	6	-	-	8	5.25 - 7.21
Long-term loan	300	100	-	-	400	3.59 and 3.71
Debentures	3,500	10,700	-	-	14,200	2.10 - 3.47
	<u>3,902</u>	<u>10,806</u>	<u>-</u>	<u>11,895</u>	<u>26,603</u>	

Separate financial statements						
As at 31 December 2016						
	Fixed interest rates		Floating	Non- interest	Total	Interest rate
	Within	Over				
		1 year	1 - 5 years	(Million Baht)		
Financial assets						
Cash and cash equivalents	2,600	-	345	466	3,411	0.37 - 0.80
Trade and other receivables	-	-	-	1,838	1,838	-
Short-term loans to related parties	4,014	-	-	-	4,014	4.50 - 4.75
	6,614	-	345	2,304	9,263	
Financial liabilities						
Short-term loans from financial institutions	1,500	-	-	-	1,500	1.65
Trade and other payables	-	-	-	11,867	11,867	-
Short-term loan from related party	100	-	-	-	100	1.75
Liabilities under finance lease agreements	2	8	-	-	10	5.25 - 7.21
Long-term loan	700	400	-	-	1,100	3.59 - 3.71
Debentures	4,050	10,200	-	-	14,250	2.10 - 3.63
	6,352	10,608	-	11,867	28,827	

Foreign currency risk

The Company and its subsidiaries' exposure to foreign currency risk arise mainly from trading transactions that are denominated in foreign currencies.

The balances of financial assets and liabilities denominated in foreign currencies are summarised below.

Consolidated financial statements						
Foreign currency	Financial assets		Financial liabilities		Average exchange rate	
	as at 31 December		as at 31 December		as at 31 December	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
CNY	-	-	6	6	5.00	5.14
MYR	11	7	-	31	8.04	7.97
USD	-	-	1	-	32.64	35.78

Separate financial statements						
Foreign currency	Financial assets		Financial liabilities		Average exchange rate	
	as at 31 December		as at 31 December		as at 31 December	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
CNY	-	-	6	6	5.00	5.14
USD	-	-	1	-	32.64	35.78

The Company's exposure to foreign currency risk arise mainly from goods purchase transactions that are denominated in foreign currencies. The Company seeks to reduce this risk by entering into forward exchange contracts. As at 31 December 2017 and 2016, foreign exchange contracts outstanding are summarised below.

Consolidated financial statements / Separate financial statements					
As at 31 December 2017					
Foreign currency	Bought	Sold	Contractual exchange rate		Contractual maturity date
	amount	amount	Bought	Sold	
	(Million)	(Million)	(Baht per 1 foreign currency unit)		
USD	2	-	32.42 - 33.05	-	Within June 2018

Consolidated financial statements / Separate financial statements					
As at 31 December 2016					
Foreign currency	Bought	Sold	Contractual exchange rate		Contractual maturity date
	amount	amount	Bought	Sold	
	(Million)	(Million)	(Baht per 1 foreign currency unit)		
USD	3	-	35.92 - 36.03	-	Within July 2017

33.2 Fair values of financial instruments

As at 31 December 2017 and 2016, the estimated fair value of financial instruments, in comparison with the related amounts carried in the statement of financial position, is as follows:

(Unit: Million Baht)				
As at 31 December 2017				
	Consolidated financial statements		Separate financial statements	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Cash and cash equivalents	2,505	2,505	2,239	2,239
Trade and other receivables	1,797	1,797	1,825	1,825
Short-term loans to related parties	-	-	3,338	3,338
Financial liabilities				
Short-term loans from financial institutions	341	341	-	-
Trade and other payables	14,085	14,085	11,895	11,895
Short-term loan from related party	-	-	100	100
Long-term loans	511	511	400	400
Debentures	14,200	14,446	14,200	14,446

(Unit: Million Baht)

	As at 31 December 2016			
	Consolidated financial statements		Separate financial statements	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Cash and cash equivalents	3,720	3,720	3,411	3,411
Trade and other receivables	1,895	1,895	1,838	1,838
Short-term loans to related parties	-	-	4,014	4,014
Financial liabilities				
Short-term loans from financial institutions	1,507	1,507	1,500	1,500
Trade and other payables	14,032	14,032	11,867	11,867
Short-term loan from related party	-	-	100	100
Long-term loans	1,100	1,100	1,100	1,100
Debentures	14,250	14,325	14,250	14,325

The methods and assumptions used by the Company and its subsidiaries in estimating the fair value of financial instruments are as follows:

- a) For financial assets and liabilities which have short-term maturity, including cash and deposit at financial institutions, accounts receivables and accounts payables, their carrying amounts in the statements of financial position approximate their fair values.
- b) For loans to and loans from carrying interest approximate to the market rate, their carrying amounts in the statements of financial position approximates their fair values.
- c) For fixed rate debentures, their fair value is estimated by discounting expected future cash flow by the current market interest rate of the loans with similar terms and conditions.
- e) For derivatives, their fair value has been determined by using a discounted future cash flow model and a valuation model technique. Most of the inputs used for the valuation are observable in the relevant market, such as spot rates of foreign currencies.

During the current period, there was no transfer within the fair value hierarchy.

34. Capital management

The primary objective of the Company's capital management is to ensure that it has appropriate capital structure in order to support its business and maximise shareholder value.

The Company manages its capital position with reference to its debt-to-equity ratio in order to comply with a condition in the stipulations of long-term loans and debentures, which requires the Company to maintain a debt-to-equity ratio of not more than 1.75:1 for long-term loans and a debt-to-equity ratio of not more than 2.50:1 for debentures.

35. Events after the reporting period

35.1 On 30 January 2018, the meeting of the Company's Board of Directors passed the following resolutions:

1. To issued unsubordinated and unsecured debentures of 2,000,000 units at Baht 1,000 each, or a total of Baht 2,000 million. The debentures carry fixed interest rate at 2.00% per annum, with a maturity of 3 years starting from date of issuance.
2. To approve the 2nd Employee Joint Investment Program (EJIP), with a total duration of 5 years as from 1 July 2018 to 30 June 2023.

35.2 On 27 February 2018, the meeting of the Company's Board of Directors passed the resolution to propose to Annual General Meeting of the Company's shareholders for approval of dividend payment from operating results of July 2017 to December 2017. The dividend will be paid by cash at the rate of Baht 0.18 per share or in the total amount not exceeding Baht 2,367.22 million. The payment of cash dividend shall be made within 8 May 2018. As the Company's Board of Directors Meeting held on 30 August 2017 has the resolution to approve interim dividend payment for the operating result for the period as from January 2017 to June 2017 to the shareholders as cash dividend of Baht 0.13 per share. The interim dividend was paid on 27 September 2017. As a result, total dividend per share for the year 2017 is Baht 0.31 per share.

36. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 27 February 2018.

All about Home! Everywhere Anytime

Click!  www.HomePro.co.th

Everything about home
by HomePro



Products
Over 30,000 items



Free Delivery!*



Installation Service!
by Professional Team



*Terms and conditions as a designated by the company.



Home Product Center Plc.

31 Prachachuennonthaburi Rd., Bangkok, Amphoe Muang, Nonthaburi 11000

Telephone +66 (0) 2832 1000 Fax +66 (0) 2832 1066

Greater Bangkok :

Chaiphaphuek	+662 029 7230
Changwattana	+662 962 6955
Ekamai-Ramindra	+662 933 5000
Fashion Island	+662 947 6365
Ladprao	+662 983 7444
Lotus Bangkai	+662 413 5670
Lumilukka	+662 997 4800
Mega Bangna	+662 186 8811
Paradise Park	+662 047 0377
Petchkasem	+662 029 7272
Phleon Chit	+662 655 3400
Phutthamonthon	+662 444 5566
Prachachun	+662 955 5888
Rama 3	+662 029 7500
Rama 9	+662 029 7600
Rama2	+662 895 6555
Ramkhamhaeng	+662 735 4999
Rangsit	+662 958 5699
Ratchada	+662 641 2900
Ratchapruk	+662 423 3222
Rattanaithibeth	+662 029 7555
Srinakarin	+662 029 7630
Sukhaphiban 3	+662 976 9114
Suvarnabhumi	+662 325 1200
The Mall Bangkai	+662 454 9299

Central :

Ayutthaya	+663 595 8070
Lopburi	+663 668 2100
Saraburi	+663 622 4444

North-East :

Buriram	+664 469 0755
Chaiyaphum	+664 405 1800
Kho Yai	+664 400 3131
Khonkaen	+664 300 2100
Korat - Hua Thale	+664 492 0500
Loei	+664 284 5800
Nakhonratchasima	+664 400 3570
Roiet	+664 303 2170
Sakonnakon	+664 209 1070
Surin	+664 451 9988
Ubonratchathani	+664 534 4700
Udonthani	+664 211 3100

East :

Bang Sare	+663 304 5100
Chachoengsao	+663 305 1100
Chanthaburi	+663 960 2100
Chonburi	+663 304 5050
Chonburi - Amata	+663 304 5800
North Pattaya	+663 819 0300
Pattaya	+663 314 1033
Prachinburi	+663 748 2222
Rayong	+663 306 0100
Sriracha	+663 811 0111

North :

Chiangmai	+665 200 5170
Chiang Mai - San Sai	+665 335 2456
Chiangmai - Hangdong	+665 344 7939
Chiangrai	+665 360 4444
Lampang	+665 481 1499
Nakhonsawan	+665 637 1300
Phare	+665 453 2222
Phetchabun	+665 671 9555
Phitsanulok	+665 500 2100
Sukhothai	+665 561 6600

South :

Chumphon	+667 765 8900
Hadyai	+667 480 3131
Hat Yai Karnjanavani	+667 421 0999
Krabi	+667 581 0499
Nakhonsithamarat	+667 580 1070
Phatthalung	+667 482 2100
Phuket	+667 660 9570
Phuket (Chalong)	+667 660 2399
Samui	+667 795 6130
Suratthani 2	+667 791 2474
Trang	+667 582 1100

West :

Hua Hin	+663 252 6000
Kanchanaburi	+663 460 2700
Mahachai	+663 446 9688
Nakhonpathom	+663 410 6070
Phetchaburi	+663 247 4599
Prachuapkhirikhan	+663 265 2123
Ratchaburi	+663 232 0999
Samutsongkhram	+663 477 0900
Suphanburi	+663 596 4199

Home Pro S

Greater Bangkok :

Gateway Ekamai	+662 030 0002
The Paseo Ladkrabang	+662 030 0099

North-East :

Terminal 21 Korat	+664 400 3737
-------------------	---------------

Home Product Center (Malaysia) Sdn. Bhd

Unit 5F-1A, 5th Floor, Tower 1 @PFCC, Jalan Puteri 1/2, Bandar Puteri, 47100 Puchong, Selangor Darul Ehsan, Malaysia

Tel: +603 8063 5179 Fax: +603 8063 5525

IOI City Mail:	+603 8800 8800	Summit USJ:	+603 5650 8800
Ippoh:	+605 238 0011	Melaka:	+606 274 8888
Penag:	+604 202 0030	Johor Bahru:	+607 535 0010



Mega Home Center Co.,Ltd.

49 Moo 5 Tambon Klong Nueng, Amphoe Klong Luang, Patumthani 12120

Telephone +66 (0) 2516 0099 Fax +66 (0) 2516 0098

Greater Bangkok :

Minburi	+662 029 0888
Rangsit	+662 029 7999

Central :

Rojana	+663 595 8000
--------	---------------

North :

Chiangrai	+665 202 4141
Mae Sod	+665 503 4111

South :

Had Yai	+667 480 3888
---------	---------------

North-East :

Nakhonpanom	+664 206 4111
Nakhonratchasima	+664 400 3500
Nong Khai	+664 202 8111

East :

Aranyaprathet	+663 764 0111
Bor Win	+663 304 5999
Kabinburi	+663 748 0222

Contact our Call Center

1284

Shop Online

www.homepro.co.th

Follow HomePro Thailand News & Updates at



HomePro
Thailand



HOMEPRO
THAILAND



HomePro
Thailand



HomePro
Official Account